Unemployment Insurance Review

August–September 1968

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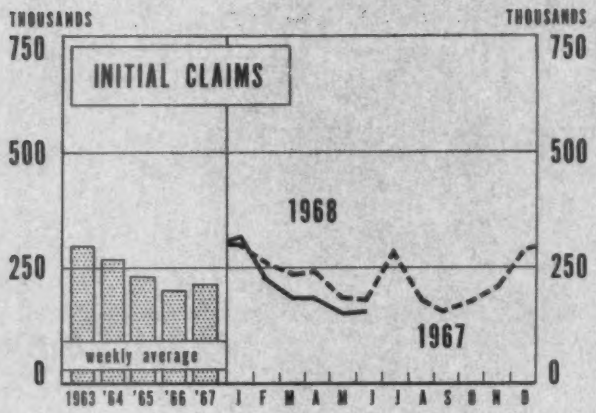
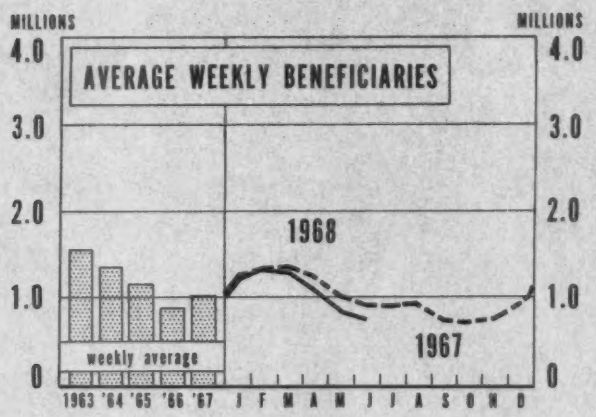
- Income Maintenance for Workers
- The Role of the UI Management Analyst
- Issues Reflected in Recent Appeals Decisions
  - Current Cases in Adjudication of Voluntary Leaving in Anticipation of Layoff or Discharge
- The Fiscal Year Story
  - Trends in the Economy
  - Insured Employment

UNITED STATES DEPARTMENT OF LABOR
Manpower Administration

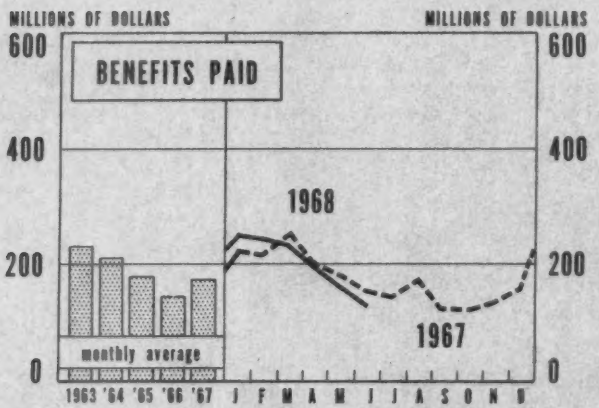
UNEMPLOYMENT INSURANCE ACTIVITIES
UNDER STATE PROGRAMS



Initial claims under State programs declined by 10,800 during fiscal year 1968 to a weekly average of 210,800.



The number of beneficiaries under State unemployment insurance programs averaged 978,000 per week in fiscal year 1968. This compares with fiscal year averages of 960,200 in 1967 and 972,600 in 1966.



Some $2.1 billion in benefits was paid out in fiscal year 1968 to insured jobless workers under State unemployment insurance programs. This was about $90 million more than in FY 1967 and $154 million more than in FY 1966.

Unemployment Insurance Review

August–September 1968

Vol. 5, Nos. 8 and 9

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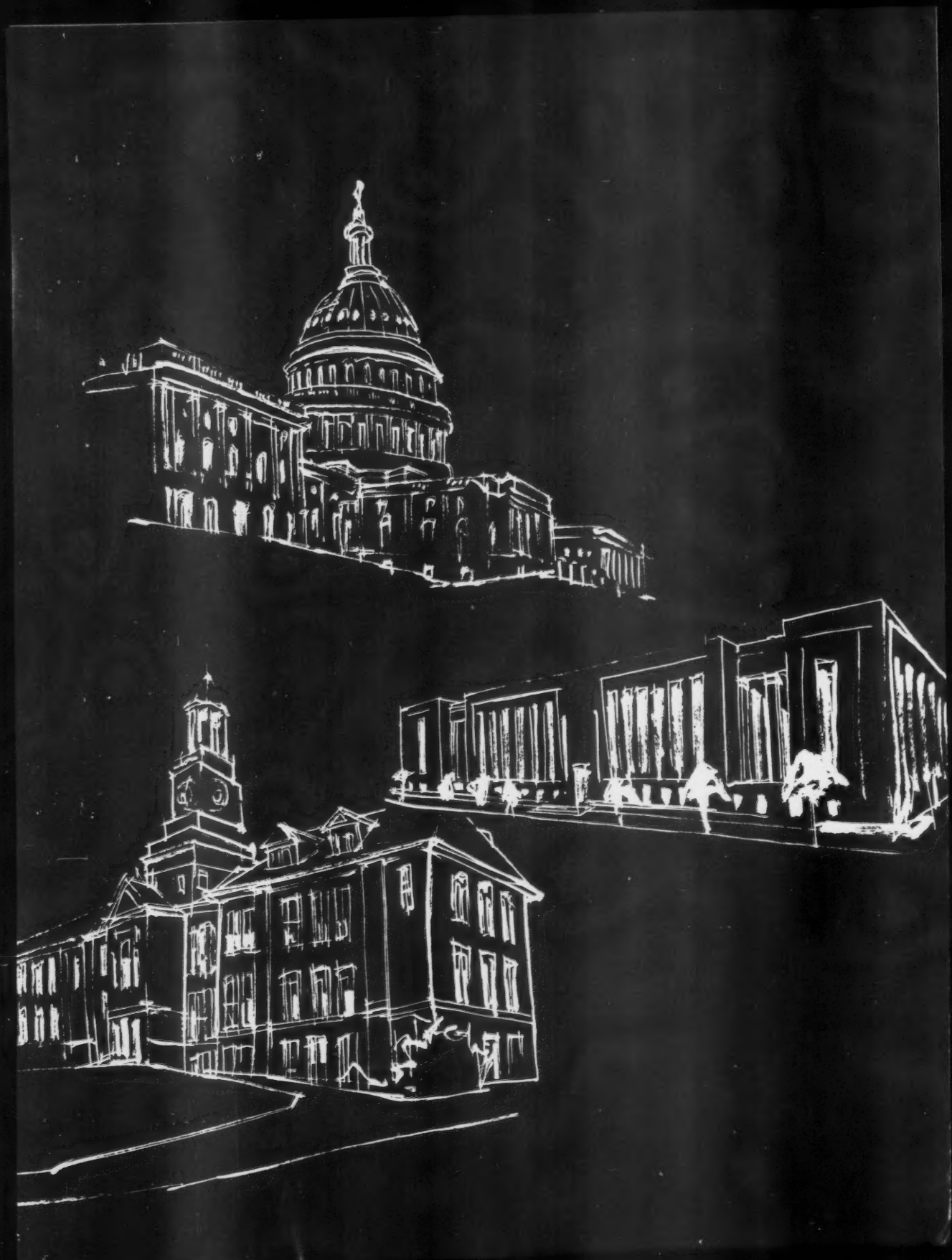


Random Memories and Opinions of an Oldtimer

Wilbur J. Cohen

On August 14, 1934, 1 year before the enactment of the Social Security Act, I arrived in Washington fresh out of the University of Wisconsin in Madison to work as research assistant to Prof. Edwin E. Witte, newly appointed Executive Director of President Franklin D. Roosevelt's Committee on Economic Security.

Professor Witte on the recommendation of Arthur J. Altmeyer, then an Assistant Secretary of Labor, had been selected Executive Director of the Committee by the Secretary of Labor, Frances Perkins, who also served as Chairman of the Committee. Ed Witte had been one of my teachers in the Economics Department of the University of Wisconsin. I had planned on doing graduate work in economics in 1934–35 but was encouraged by both Prof. Selig Perlman and Mrs. Witte to work with Prof. Witte in Washington for awhile "to get some experience" and, in those depression days "to earn a little money" before pursuing graduate studies.

While at the University, I had gained a little knowledge of unemployment insurance. I had studied under Paul Raushenbush, in the Experimental College, who took our class to an evening session of the Wisconsin legislature which passed the Wisconsin Unemployment Compensation and Reserves Act. Later in 1933–34, I participated in a seminar led by Prof. Witte on Wisconsin Economic Problems in which we discussed the Wisconsin unemployment compensation law. My quiz instructor in my first economics course was Stan Rector. However, my relations with Paul Raushenbush and Stan Rector were always somewhat distant after I endorsed Federal standards for State laws and later supported a uniform Federal system.

Mr. Cohen is Secretary of the Department of Health, Education, and Welfare.

Pre-enactment Days

As research assistant to Professor Witte my primary task was the edification of his education, for he had an encyclopedic zest for information. He wanted to know everything about foreign social security experience. I studied the Swiss and Canadian unemployment insurance laws for him. Constance Kiehel studied voluntary plans in Europe and the United States. Harry Winslow was working on unemployment insurance cost estimates. Other memos were prepared on the British and German plans by Olga Halsey and several other staff members. I prepared in chart form the comparative summaries of State laws which appeared in the reports of the Committee and were also published by the Social Security Board. Lynn Eldridge* helped me in the preparation of the first summaries issued by the Social Security Board.

In the spring of 1935, Professor Witte asked me to deliver the famous draft unemployment

*Now Assistant for Administration and Field Coordination, Unemployment Insurance Service.

compensation model State bills to Representative Robert Doughton, the Chairman of the House of Representatives Committee on Ways and Means. The Congressman asked me if the bills had been approved by the White House. I not only didn't know the answer to this question, but I had never thought about it. I was stopped dead in my tracks by this query but finally I just said "yes" on my own responsibility and that ended it. How many times since then have I wished Federal clearances on legislation were that simple.

I remember distinctly August 14, 1935—the day the law was signed by President Franklin D. Roosevelt. At that time the staff of the Committee on Economic Security was housed in one room in the Municipal Auditorium (then part of the Works Progress Administration, WPA) offices located at 19th and E Streets, NW. Professor Witte had gone to Europe; Joseph Harris, his deputy, returned to his university. Merrill Murray was next in the chain of command and on that day he was in Alabama helping the sovereign State to draft, explain, and get its State unemployment compensation bill enacted. Those of us remaining were a miscellaneous crew of researchers, typists, and general handymen and women. But I was next in the unclear chain of command. We had no organizational charts, delegations of authority, or public administration experts to advise on procedures or anything else. It is not surprising, therefore, that we were able to do so much with such a small staff.

Mrs. Leona V. MacKinnon, Mr. Altmeyer's secretary, called me on the telephone that day. All she said was that Mr. Altmeyer wanted us to move our office over there right away—and get going.

So, without any ado the exodus began. I didn't have to issue any orders, persuade anybody, or give any 30 day notices because in the one big room we occupied everyone heard my conversation and was just as excited as I was to get going. Besides, it would have been a little fantastic for me to issue any orders since I was receiving the munificent salary of $1,680 a year (minus 5 percent under the Economy Act.) I was 22 years old and I certainly would have been presumptuous to give any orders.

Martha Ring, Charlotte Beamen, Mildred Larimer, and I, armed with some typewriters, papers, and charts, hailed a taxicab and raced to Mr. Altmeyer's office on the third floor of the Labor Department. Mrs. MacKinnon had arranged for us to use a big room in the northeast corner of the third floor near the library. And that is where we started the Social Security Board—unemployment insurance, old age benefits, public assistance—the whole works.

Administration Commences

The Social Security Board started with no money. Senator Huey Long's filibuster over the National Recovery Act had killed our appropriation bill. Some Works Progress Administration funds were allocated to us but it was not until February 1936 that we obtained our first appropriation.

Administration, however, in those days was less complicated than today. One Saturday afternoon in 1936 the Governor of Utah called on the telephone to find out if the State Legislature had the right to put a lien provision in their old age assistance law. I said, "yes," and explained the recovery provisions in the Federal law. The Governor couldn't understand the complexities so he turned the phone over to the attorney general who did understand and agreed to amend the bill accordingly.

Late in 1936, I went to North Carolina, with one of the other staff members (named Robin Hood!), to explain North Carolina's draft unemployment insurance bill to a special session of their legislature. North Carolina had previously enacted a law but it was not approved by the Social Security Board. The State constitution provided that the legislature had to meet on 3 separate days to consider a bill. The first day the legislature met and promptly adjourned. The next day it met at 11 p.m. and quickly recessed. Then all the legislators convened informally and I explained to them, with the aid of a blackboard, base periods, benefit periods, "lag" quarters, and all the other esoteric terminology of this new creature—unemployment insurance. At 11:59 p.m., they again went into session, passed the bill immediately, and we all went home at 12:05. And that is how North Carolina enacted its unemployment insurance law.

One of the wonderful memories I have is when Mr. Winant, Mr. Altmeyer, and I walked out of the Supreme Court on May 24, 1937, after hearing Mr. Justice Cardozo deliver the opinion declaring the Social Security Act constitutional. We were so overjoyed that I do not remember how we got from the top of the steps of the Court building to

the bottom. Mr. Justice Cardozo's words were poetic. They remain quotable and epigrammatic to this day. After the decision was delivered I went back to the office and with Mr. Altmeyer's approval wrote a memo which I sent to the staff stating that they could now use the word "insurance" in addition to "compensation" and "benefits" in describing the program. I was one of the early proponents of emphasizing the social insurance aspects of the system and calling the program insurance. I still hold that view.

The 1939 legislative year was a crucial one. Mr. Altmeyer and I attended the public and executive sessions of the congressional committees. Mr. Altmeyer weighed the alternatives presented to him very carefully. He worried and struggled in his own mind over the McCormack plan which provided benefit standards but had other serious drawbacks. He finally rejected the proposal. Later, he regretted it. I believe we would be further along the lines of a more adequate system if the meager benefit standards of 1939 had been adopted. I believe they would have been improved with time and experience. But who knows?

The War Period

Hardly had the State unemployment insurance agencies overcome their early growing pains than World War II enveloped the system as it enveloped the country. The substantial unemployment that threatened to overwhelm the fledgling agencies in 1937 and 1938 tended to dry up in 1939 and to disappear in 1940 and 1941. This accentuated the problem of administration which had been with the unemployment insurance system since its start—the relationship of unemployment insurance claims-taking and the functioning of the public employment offices.

Within 10 days after Pearl Harbor the President asked each Governor by telegram to turn over his State employment services to the Federal Government to meet the urgent manpower needs posed by mobilization and the war. The Governors complied, not all willingly, and a trying period for unemployment insurance ensued. The States felt the next step would be federalization of the unemployment insurance system. Relationships throughout the war were difficult. But when the war ended, the States had their way and the employment services were returned to them. Would we, though, have a better system that better serves the unemployed workers of the country today if unemployment insurance had become a Federal program rather than returning the employment services to the States?

Unemployment Insurance—A Part of Social Security

In the years 1936–39 we strongly advocated that the concept of social security should be broad and comprehensive covering protection of the individual and his family against any of the hazards which destroyed security—unemployment, old age, death of a breadwinner, or disability. The nature of the Act as well as the philosophy of the drafters was that social security was sufficiently all of one piece, that the several separate administrative agencies should work closely together under the leadership of the Social Security Board.

One of the most difficult assignments I ever had was testifying before a Senate committee in 1948 on the transfer of unemployment insurance from the Social Security Administration to the Department of Labor. I had prepared the memo recommending that unemployment insurance be retained in the Social Security Administration. President Truman had recommended its transfer to the Department of Labor. Some committee members, encouraged by Stanley Rector, wanted me to publicly say that I thought President Truman was wrong. While I wouldn't say that, neither would I reverse my own considered opinion. David Morse, the Acting Secretary of Labor, was displeased with my testimony. While the committee members were voting, Morse called Oscar Ewing [Administrator, Federal Security Agency] and Ewing immediately came to the hearing. It was a very emotional issue—as all issues in unemployment insurance have seemed to be during the past 35 years.[1]

From the Experience of a Third of a Century

As a result of years of thinking about social security programs I have inevitably formed opinions about the issues that arise from time to time

[1] Transfer of the USES from the Department of Labor to the Federal Security Agency, to become with unemployment insurance a part of the Bureau of Employment Security, was passed over Presidential veto on June 16, 1948, effective July 1, 1948. The President's Reorganization Plan No. 2 returned the Bureau of Employment Security to the Department of Labor in August 1949.

about unemployment insurance: the desirability of a uniform national system; the need for dependents' allowances; the desirability of employee contributions; and the possible anti-social implications of some disqualifications.

The experience of these years has convinced me that a uniform national system of unemployment insurance would be more effective, more efficient, and a more beneficial program. I also believe that we would have a better system of unemployment insurance if it were financed on a three-way basis: employer, employee, and the Federal Government. For instance, if each party paid one-half of one percent, I believe that with the existing reserves a more adequate and equitable system would be provided.

Mr. Altmeyer was one of the early proponents of emphasizing the comprehensive social insurance aspects of the program and I still hold that view. We strongly advocated dependents' benefits and I would still like to see the benefit structure include them. I do not believe that they inject a welfare or need aspect into the program, as opponents contend, but they do reinforce the social objectives of the program.

I also believe we should revise our Federal-State welfare system to provide for 100 percent Federal financing of the program with a nationally established standard of need adjusted by family size and urban-rural price differences. I would include in such a program payments to a needy child of an unemployed parent. This would reinforce the support of the unemployment insurance program.

Our old age, survivors and disability insurance program needs further improvement. A significant increase in the minimum benefit, in addition to a general across-the-board increase in benefit amounts, and improvements in coverage are needed to assure the worker and his family adequate protection against loss of work income.

Throughout the past third of a century, the social insurance programs under the Social Security Act have been adapted to meet the growing and changing needs of the American people. As we reflect on the past 33 years' experience, we are impressed by the influence the programs have had on the security of the individual and the health of the entire economy. Based on the sound traditional American values of individual initiative, self-reliance, incentives to work and save, these programs have helped bring about significant social progress through an evolutionary process. We have established an effective framework against the fear of insecurity which sustains individual incentives and assures mutual responsibility.

Encouraged by our successes, but not content with what we have, we will continue to build on the institution of social insurance, further strengthening it and keeping up the forward movement of a dynamic program that will remain viable for years into the future. The visions of those pioneers of social legislation of the 1930's, Edwin Witte, Frances Perkins, Arthur Altmeyer and others, are still unfolding.

Income Maintenance for Workers

Prefatory Note

From the experience of a third of a century working with all programs that protect an individual and his family from hazards such as unemployment, old age, death of a breadwinner, or disability, Secretary Cohen in his article in this issue points out the influence of these programs on the individual and the health of the entire economy. He expresses also the need for improvements for the social security program as a whole as well as for unemployment insurance in particular—improvements attuned to the demands of the future.

President Johnson in his Economic Report to the Congress earlier this year stressed that the unemployment compensation system designed in the 1930's has not changed as our economy has changed. To emphasize his concern with the entire problem of income maintenance he announced in his message the appointment of a Presidential Commission on Income Maintenance.

Concern on this increasingly important and significant subject was evidenced also in the Manpower Report of April 1968. A portion of that report which deals with income maintenance is reproduced in this issue.*

* *Manpower Report of the President including A Report on Manpower Requirements, Resources, Utilization, and Training by the United States Department of Labor, Transmitted to the Congress April 1968.*

Income protection in the event of unemployment or disabling accident or injury is another area of urgent concern to the well-being of workers and their dependents. And so is assurance of an adequate income after retirement.[1]

The magnitude of the unemployment risk is indicated by figures already cited: In 1966, more than 11 million workers had at least one period of joblessness (over 15 million in the less prosperous years of 1961 and 1962). About 1 million workers were unemployed for 27 or more weeks.

More than 2 million suffered work injuries, and 14,500 died from these injuries. In addition, on an average day, an estimated 1¾ to 2 million workers are prevented from working as a result of nonoccupational disabling injuries or illnesses, which are far more frequent than work-connected disabilities.

Risks of such magnitude demand protective measures of commensurate scope and depth. This has been recognized since the inception of our social security system more than 30 years ago. Unemployment insurance and retirement benefits have been major elements in this system from the beginning. Workers disabled by work-connected accident or injury have for even longer—over 50 years—looked chiefly to the State workmen's compensation insurance programs for economic protection.

Though all these systems have limitations and loopholes, they have been the means of preventing or greatly reducing deprivation for many millions of Americans. They have also been supplemented by a variety of public and private programs for particular groups of workers. Moreover, a start has been made in providing income maintenance for workers disabled by illness or injury not related to their jobs.

To describe and assess the nature, accomplishments, and limitations of this highly complicated

[1] This discussion is limited to income maintenance programs designed to reduce income loss resulting from interruption of work, and therefore does not include public assistance, manpower training, or poverty programs.

network of programs would be far beyond the scope and purpose of this section. All that is attempted here is to review briefly the available information—some of it comprehensive, some fragmentary—on how many of the country's workers receive income protection from the major programs and how adequate this protection is.

UNEMPLOYMENT

The major source of income maintenance protection in case of unemployment is the State-Federal unemployment insurance (UI) system, designed to provide temporary assistance against part of the wage loss due to involuntary unemployment. A separate Federal wage-insurance program affords protection to unemployed railroad workers; still other Federal programs offer protection to civilian employees of the Government and to ex-servicemen. Supplementing these Government programs, for relatively small groups of workers, are private measures—almost exclusively the result of collective bargaining.

Public Unemployment Insurance

Coverage. Nationally, more than three-fourths of all jobs in wage and salary employment are covered by public unemployment insurance systems, including the programs for railroad workers, Federal civilian employees, and ex-servicemen, as well as the State-Federal UI system.

Effective as these programs are ($2.2 billion in benefits were paid to almost 5 million unemployed workers in 1967), their coverage has major limitations. Nearly one-fourth of the jobs held by wage and salary workers are excluded. These noncovered jobs are chiefly in five major categories: (1) State and local government, (2) domestic service, (3) nonprofit organizations, (4) farms and the processing of agricultural products, and (5) very small firms.

Since the State UI laws differ somewhat in their coverage provisions, the proportion of wage and salary workers with UI protection is higher in some States than others, partly because of the industrial composition of the State's economy. It is under 70 percent in four largely agricultural States (North Dakota, South Dakota, Iowa, and Nebraska) and 100 percent in Hawaii only. (See chart 1.)

In addition, the public unemployment insurance programs are not designed and do not attempt to protect the self-employed, unpaid family workers, young workers searching for their first job, or reentrants into the labor force. Yet in 1967 almost two-fifths of the unemployed were in these categories—a very sizable and vulnerable group of workers.

Even for wage and salary workers in covered employment, protection is not guaranteed. No worker qualifies automatically for UI benefits. The unemployment insurance program, like all other social insurance or income maintenance programs, requires some minimum earnings or length of service, or both, before a worker is eligible for benefits. In 1967, 12 percent of the jobless workers who applied for benefits under the UI system had insufficient work experience to qualify for them. And if the unemployed workers who did not apply for benefits because they knew they would not qualify could be counted also, the proportion excluded because of insufficient work experience would be much higher.

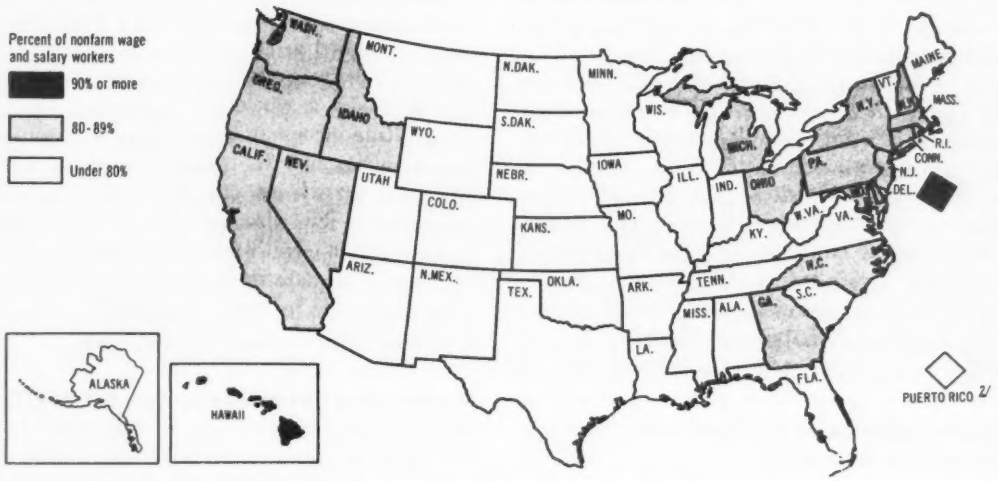
Adequacy of Benefit Payments. The generally accepted aim of unemployment insurance is to restore at least half of the gross weekly wages of most workers who would qualify for UI benefits.

In general, State laws provide for weekly benefits equal to half the worker's previous weekly wage, up to a specified maximum benefit amount. When the laws were first enacted, the maximums set were high enough to achieve the 50-percent benefit objective for most workers. But since then, benefits have failed to keep pace with rising wages. In 1967 the national average weekly benefit ($41.25) represented only 36 percent of the average weekly wage in covered employment, compared with 42 percent in 1939. In dollar terms, the gap between wages and benefits has widened greatly year after year. (See chart 2.)

The growing inadequacy of average weekly benefits, relative to average wages, is explained by the legally established ceilings on weekly benefits. These maximum benefit amounts, in many cases fixed in dollar terms, have lagged further and further behind rising wages. Currently, the maximum basic weekly benefit represents half or more of the average weekly wage in covered employment in

CHART 1

Proportion of workers covered by unemployment insurance varies greatly among States. 1/



1/ Excludes employment in private households; includes all State and Federal programs, percentages based on March 1967 employment adjusted for coverage increases.

2/ Included in national average.

Source: U.S. Department of Labor.

only 19 States. In 1939, all but two States were in the 50-percent or more category.

Workers in low-paid jobs, who qualify for a weekly benefit below the maximum, can usually get a benefit equal to half their weekly wages. But those at higher wage levels are prevented by the benefit ceiling from receiving a 50-percent wage-loss replacement. Thus, the proportion of UI claimants at the benefit maximum is another significant measure of benefit adequacy.

In 1967, 47 percent of all eligible claimants were concentrated at the maximum weekly benefit amount, compared to an estimated 26 percent in 1939.[2] This change can be interpreted in two ways. On the one hand, it reflects the rising occupational and wage levels of American workers. The proportion of workers who are in low-skill and low-paying jobs—the kind of jobs in which periods of unemployment occur most frequently—has declined significantly. However, it is plain that, for a large and growing proportion of workers covered by the UI program, unemployment can mean more than a 50-percent income drop (from their previous weekly wage level).

Duration of Benefit Payments. Unemployment insurance must provide income maintenance protection of sufficient duration to tide workers over temporary periods of unemployment between jobs if it is to meet its intended objectives. Most States pay benefits up to a maximum of 26 weeks (more in a few States) in a 1-year period. In nearly all States, however, the maximum duration of benefits for which a worker may qualify varies with the length of his past employment, so that some claimants are entitled to less than even 10 weeks of benefits.[3]

The adequacy of benefit duration can be measured by the proportion of claimants who remain unemployed so long that they exhaust their benefit rights. In periods when the general level of unemployment is low, about one-fifth to one-fourth of

[2] In general, weekly benefit limits under the railroad unemployment insurance system are more generous than those in most State programs. Nevertheless, in recent years almost all railroad beneficiaries qualified for the maximum benefits.

[3] The railroad unemployment insurance system has a uniform duration of 26 weeks and has a special provision for extended benefits to workers with long service in the railroad industry who exhaust their normal benefits.

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all workers who receive benefits exhaust their entitlement, whereas in recession periods this proportion may rise to one-third. (See chart 3.) But even in high employment periods, significant proportions of workers hit by locational, technological, or other changes in the structure of employment use up their benefits before finding new jobs.

For a great many of those who exhaust their benefit rights, the duration is limited to less than 26 weeks. In 1966, for example, almost 55 percent of the claimants who exhausted their benefits received compensation for less than 26 weeks. Most of these workers have no further income protection, regardless of how long it takes them to find new jobs or to be recalled to their previous ones.

For millions of workers, then, the UI system does not meet its original objectives. It often fails to restore even as much as half of the weekly earnings to those who lose their jobs, and even that inadequate payment often stops before the workers are again earning wages.

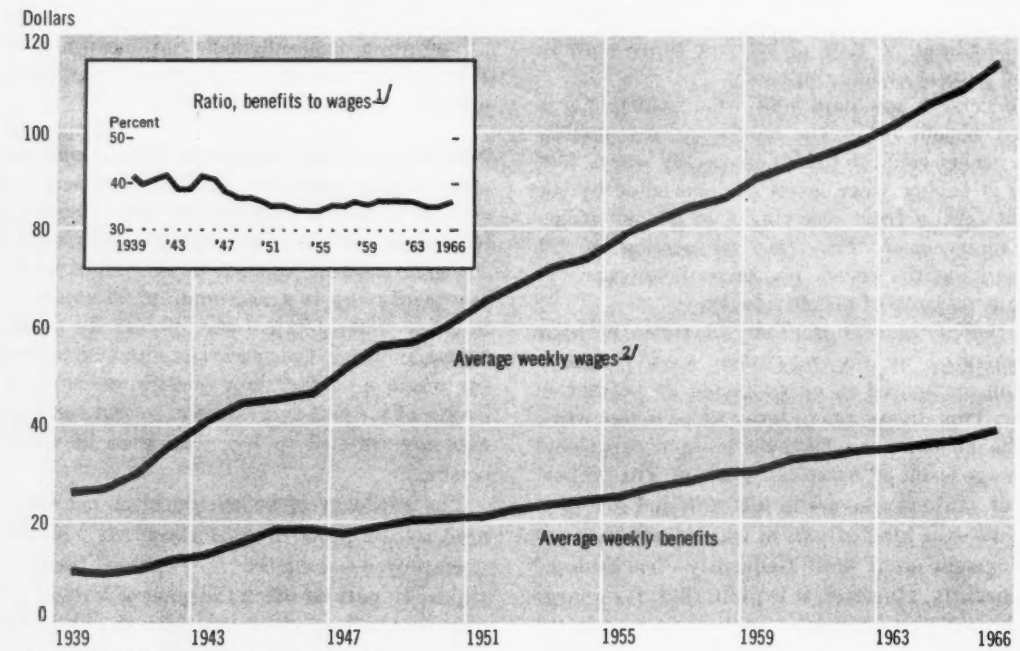
Private Unemployment Benefit Programs

Additional income protection for the unemployed is available to relatively small groups of workers under private programs. One type of program aims at supplementation of UI benefits. Others are designed to maintain or extend wage payments, or their equivalent, during slack periods and following a worker's separation, regardless of substitute income in the form of unemployment insurance benefits. In general, workers who are protected by private programs are likely to be employed in jobs also covered by the public UI system. So the effect of these programs is to provide more adequate income maintenance for some workers eligible for UI, rather than to help some of the millions without UI protection.

Supplemental Unemployment Benefit Plans. Income security protection became an important issue in collective bargaining in the 1950's, when a con-

CHART 2

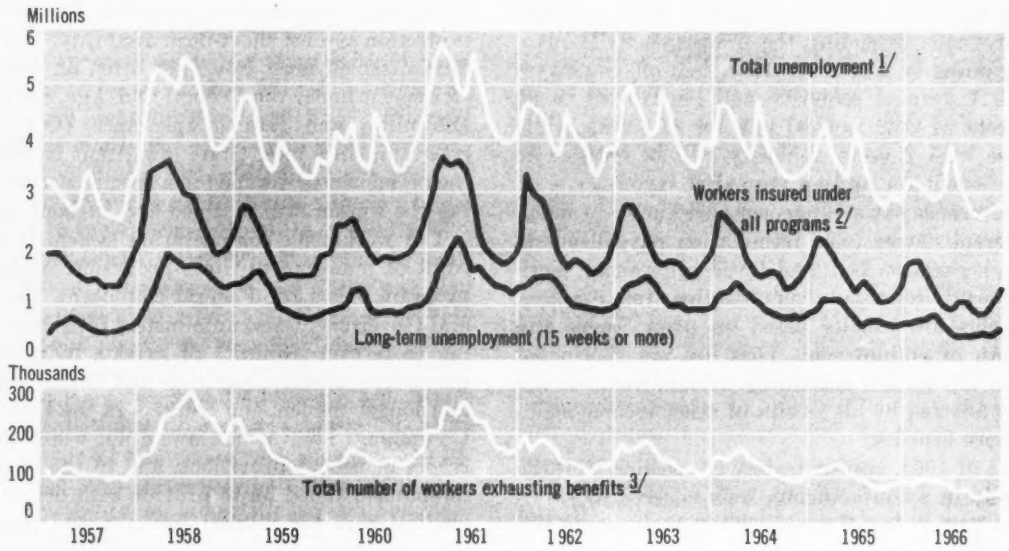
Average weekly wages have outrun average weekly unemployment insurance benefits.



1/ Benefits related to wages in the preceding calendar year.
2/ In covered employment.
Source: U.S. Department of Labor.

CHART 3

Many more workers exhaust their unemployment insurance benefits when unemployment rises.



1/ Includes Alaska and Hawaii beginning in January 1960.
2/ Includes state, veterans', ex-servicemen's, Federal civilian employees', and railroad programs.
3/ Excludes exhaustions under the Railroad Unemployment Insurance program; includes exhaustions under Puerto Rico Unemployment Insurance program after Dec. 31, 1960.

Source: U.S. Department of Labor.

certed drive by several unions led to the establishment of supplemental unemployment benefit plans (SUB). Such plans are designed to supplement benefits paid under the public unemployment compensation programs. Concurrency and integration of SUB and State UI benefits are usual.

Approximately 700 SUB plans throughout the Nation cover about 2.5 million workers (1 out of 20 of those covered by public programs)—half of them in the automobile and steel industries.[4] The coverage of SUB plans, in terms of the numbers of workers protected, has been at a standstill in recent years. The scope of many such plans, however, has been broadened to provide for benefits to partially unemployed workers, and severance pay and moving allowances to terminated workers.

Benefits to the individual worker, including UI benefits, are designed to replace 60 to 70 percent of earnings, and practically all plans provide weekly allowances for dependents in addition to the regular weekly benefit amount. This means that these workers are, of course, much better off than the vast majority of workers who have to depend solely on the public UI system.

Employment and Wage Guarantees and Related Benefits. The establishment of employment or wage guarantees has been one of the goals sought by organized labor as a solution to the problem of income maintenance for workers. The basic difference between such guarantees and SUB plans is that the former assure workers who start or are available for work a minimum of employment or payment of straight time weekly wages for a stated number of weeks, while SUB plans usually supplement UI benefits to laid-off workers.

Employment and wage guarantees are provided for in only a few collective bargaining agreements. Only about 600,000 workers were covered by such

[4] Dorothy R. Kittner, "Supplementary Unemployment Benefit Plans," *Unemployment Insurance Review*, August 1967, pp. 1–2.

guarantees in 1963, the latest date for which information is available, and for the most part the guarantee was for a week only, although in a few cases it extended to 1 year. However, the 1967 agreements in the automobile industry took a long step toward a guaranteed annual wage, through a provision extending the industry's SUB plan. Beginning in December 1968, laid-off employees with 1 year of seniority will be entitled to 95 percent of their normal pay for 31 weeks, while those with 7 years' seniority will be entitled to this benefit for up to a year after layoff.

Severance pay arrangements are known by many different names (e.g., termination pay, dismissal pay, separation pay, and layoff allowance). Such payments represent compensation for job loss. Benefits are usually based on prior wages and length of employment. They are not contingent upon the worker remaining unemployed, nor are they affected by his receipt of other income maintenance benefits.

As of 1963, approximately 2.3 million workers, chiefly in manufacturing, were covered by severance pay or layoff provisions in major collective bargaining contracts (those covering 100,000 or more workers). All these workers are presumably covered also by unemployment insurance. However, in some 20 States UI benefits are denied or reduced for recipients of severance pay. As yet, severance pay has not been an important source of income to workers, nor an important cost item to employers.

Thus, a worker who loses his job through no fault of his own, and who cannot locate another job quickly, is likely to find himself, sooner or later, thrown on his own resources. Even minimal help is not forthcoming if he is in a job not covered by UI or if he is only casually and intermittently employed in a covered job.

SICKNESS AND DISABILITY COMPENSATION

Work-Connected Disabilities

How great is the risk of disabling injury on the job? This question can be answered in terms of what lies ahead for the oncoming generation of workers. Unless substantial progress is made in reducing work injuries, 1 out of every 100 young people currently entering the work force at age 20 will die as the result of a work injury. Six more will suffer a permanent impairment, and 68 will experience one or more disabling injuries. Only 25 out of the 100 can expect to complete their working lives without a disabling work injury.

The disabled worker must look chiefly to State workmen's compensation programs for economic protection against short-term disability. The long-term disabled must rely most often on disability retirement under the Federal Old-Age, Survivors, Disability, and Health Insurance (OASDHI) program, since most State laws limit benefits for the permanently disabled to a specific period, leaving the worker still disabled and without income.

The workmen's compensation system is a network of independent State programs. A separate program exists for Federal employees. The Federal Government also administers programs relating to certain segments of private industry employment—notably, maritime and harbor workers and longshoremen, and workers in the District of Columbia.[5] The various laws differ widely in coverage, in benefit provisions, and in the insurance mechanism relied on to provide cash benefits and medical care for injured workers, and monetary payments to survivors of those killed on the job.

Coverage. An estimated 53 to 54 million workers—more than 80 percent of all civilian wage and salary workers in the 50 States, the District of Columbia, and the Federal Government—are covered by the workmen's compensation system as a whole[6] (including both State and Federal programs). The benefits received are a major source of support for the families of the approximately 14,500 persons killed at work each year, and for a large proportion of the 2.2 million workers who are injured on the job. But 1 out of every 5 wage and salary workers (some 12 million) and practically all those who are self-employed are without any public income protection in case of work injury—an omnipresent risk for many of these unprotected

[5] The relevant Federal programs are those administered under the Longshoremen's and Harbor Workers' Compensation Act, District of Columbia Workmen's Compensation Act, Defense Base Act, War Hazards Compensation Act, Outer Continental Shelf Lands Act, and the Nonappropriated Fund Instrumentalities Act.

Maritime workers are subject to the Merchant Marine Act (Jones Act), under which the provisions of the Federal Employers' Liability Act are made applicable to seamen. This act gives an employee an action in negligence against his employer and provides that the employer may not plead the common law defense of fellow servant or assumption of risk. It also substitutes the principle of comparative negligence for the common law principle of contributory negligence.

[6] These figures do not include railroad workers in interstate commerce and seamen in the U.S. Merchant Marine, who are covered under the Federal Employers' Liability Act.

workers, including those in agriculture.

The proportion of workers covered by workmen's compensation has remained virtually unchanged since 1953. Jobs excluded from the workmen's compensation system in many States are generally the same jobs as are excluded from unemployment insurance coverage—domestic service, agricultural and small firm employment, and employment in nonprofit organizations. No State law covers all employment; some restrict coverage, for example, to so-called "hazardous" occupations.

As is true of UI insurance, coverage does not assure compensation. In 23 States, employers may elect not to come under the act, in which case the worker must sue to receive compensation. Coverage of occupational diseases is still much more limited than that of accidents. Only 32 States now cover all occupational diseases, with the remaining States providing either no coverage or coverage for only certain specified diseases. Even in States where occupational illnesses are covered, benefits are usually less generous for such illnesses than for injury or disability resulting from accidents.

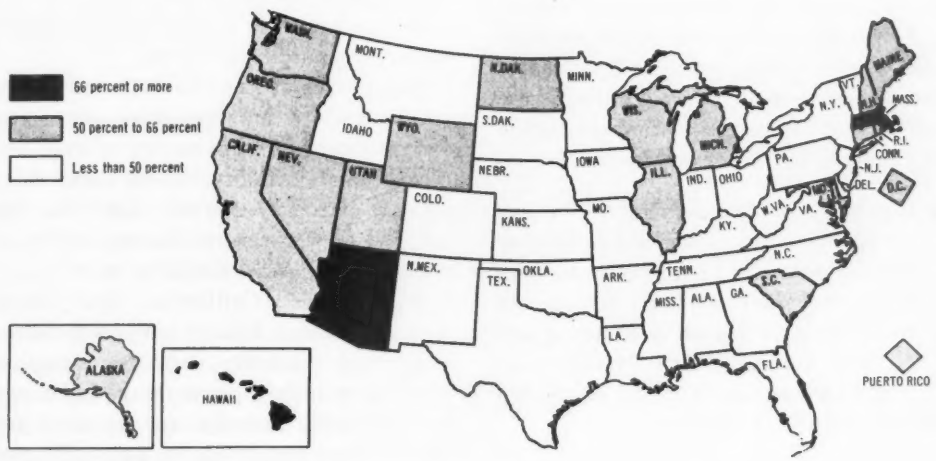
The possibility of latent illness and the complexities involved in determining causal relationships in many occupational disease cases are factors that must be considered in assuring adequate coverage and compensation benefits to disabled workers. For example, a study of the incidence of lung cancer among underground uranium miners (to date over 100 deaths due to lung cancer have been reported) has demonstrated that there is an association between exposure to radiation hazards and the contraction of lung cancer in the higher exposure groups.[7] While reliable estimates of the number of future lung cancer cases are not now possible, the Federal Radiation Council has concluded that a significant number of additional cases can be expected.

Adequacy of Benefit Payments. Most workmen's compensation laws provide for replacement of from three-fifths to two-thirds of a disabled worker's lost wages. (Under the Federal Employees' Compensation Act, the weekly benefit for a worker with dependents is 75 percent; for those without

[7] Of the principal uranium States—New Mexico, Wyoming, Colorado, and Utah—only one, Colorado, had recognized lung cancer as an occupational disease among uranium miners prior to 1967, when Utah also acted to control uranium hazards.

CHART 4

Ratio of maximum weekly benefits for temporary total disability to average weekly wages varied widely among States in 1966.



Source: U.S. Department of Labor.

dependents, 66⅔ percent.) However, because of ceilings on the amount and duration of benefits and the waiting periods required before benefits start, the proportion of wage loss actually compensated is much less. Nationally, maximum weekly benefits averaged only 48 percent of average weekly wages [8] in 1966 and varied among the States. (See chart 4.) The maximums ranged from $35 in Louisiana and Mississippi to $150 in Arizona, with a national average of $55.

There has been a persistent decline in the adequacy of the income protection offered under workmen's compensation. Measured in 1965–66 dollars, maximum benefits in 15 States were lower in 1966 than they were in 1940, with percentage declines ranging from 27.7 in Louisiana to 85.9 in Hawaii. In all but five States the 1966 maximum weekly benefit amount was less than 60 percent of the statewide average weekly wage.

In more practical terms, a disabled worker who has a family of four to support and who receives the maximum weekly benefit amount under workmen's compensation would, in 35 States, fall considerably short of the income required to keep his family out of poverty (as measured by the Social Security Administration's definitions).

For work injuries that result in death (about 14,500) or permanent disability (about 90,000) benefits are even less adequate.[9] Under workmen's compensation laws in many States, benefits for the permanently disabled—or for survivors of workers killed in work-connected accidents—are limited to a specific period, or a specific dollar amount. After these benefits expire, permanently disabled workers or the survivors of workers killed on the job are left without income unless they are eligible for benefits under OASDHI or private plans.

Proposed Legislation on Occupational Safety and Health. As the President emphasized in his message on Manpower to the Congress in January 1968: "The gap in worker protection is wide and glaring—and it must be closed by a strong and forceful new law." Accordingly, the President submitted to the Congress the Occupational Safety and Health Act of 1968. As he said:

> Here, in broad outline, is what this measure will do.
>
> For more than 50 million workers involved in interstate commerce it will:
>
> —Strengthen the authority and resources of the Secretary of Health, Education, and Welfare to conduct an extensive program of research. This will provide the needed information on which new standards can be developed.
>
> —Empower the Secretary of Labor to set and enforce those standards.
>
> —Impose strong sanctions, civil and criminal, on those who endanger the health and safety of the American working man.
>
> For American workers in intra-state commerce, it will provide, for the first time, Federal help to the States to start and strengthen their own health and safety programs.

Nonoccupational Disabilities

Although short-term nonoccupational disability is far more prevalent than work-connected disability, protection against income loss for this risk is much less widespread. In considering protection against nonoccupational disability loss, one must make a distinction between short-term disabilities and the first 6 months of long-term disabilities, on the one hand, and the remainder of long-term disabilities, on the other. Some workers with short-term disabilities have protection under Federal or State law; others are protected under private insurance and sick leave plans. Workers with long-term nonoccupational disabilities must rely mainly, after the first 6 months, on the OASDHI system as their only source of income maintenance (other than public assistance).

About three-fifths of all wage and salary workers in private industry have some protection against loss of earnings because of short-term nonoccupational disability, but for many this protection is extremely limited. And the remaining millions of workers are thrown wholly on their own resources when disability occurs.

Four States (California, New Jersey, New York, and Rhode Island) have compulsory, public temporary disability insurance programs that cover most of their private wage and salary workers. Generally excluded are the same groups of workers that are outside the public UI program—farm and domestic workers, those in small firms, and employees of government and nonprofit organizations. Workers in the railroad industry are

[8] Average weekly wage as reported under the State unemployment insurance programs.

[9] Alfred M. Skolnik, "Twenty-Five Years of Workmen's Compensation Statistics," *Social Security Bulletin*, October 1966, pp. 3–26.

protected under the Railroad Unemployment Insurance Program.

Outside of these compulsory programs, only about half of all private wage and salary workers can count on any replacement of income loss caused by nonoccupational disability. Of the 21 million who did have some other form of short-term disability protection in 1966, some 17 million were covered primarily by commercial group insurance purchased by employers. Others were protected by union and joint union-management programs, employers' self-insured plans, and mutual aid plans. Insurance plans ordinarily provide wage-loss replacement geared to some percentage of the worker's recent wages, with the maximum duration of benefits usually limited to between 13 and 26 weeks.

Sick leave plans usually provide for continuation of wages for a specified period, sometimes varying with length of service. Sick leave represented 55 percent of all sickness benefits in 1966, and over two-thirds of that went to government workers.

It is not now possible to determine either the amount of income loss or the adequacy of income loss protection for workers with long-term disabilities. At the end of 1967, almost 1.2 million disabled workers under age 65 were drawing benefits under the OASDHI system for either occupational or nonoccupational disability. Many other disabled workers are ineligible for benefits either because their disability does not meet the strict statutory definitions of disability or because they cannot meet the work experience requirements.

RETIREMENT PROTECTION

The major public provision for maintenance of income for retired workers, as well as for protection to families deprived of their main source of income because of death of the breadwinner, is the OASDHI program.

The OASDHI program today approaches universal coverage of retired workers. Excluded are four major categories: (1) Workers covered under Federal civilian employee retirement systems, (2) household workers and farmworkers whose earnings or employment fail to meet certain minimum requirements, (3) railroad workers covered under the Railroad Retirement Act, and (4) persons with extremely low net earnings from self-employment.

At the end of 1967, about 12 million retired workers aged 62 and over were drawing benefits under OASDHI. Their average monthly benefits were about $85. At one extreme, for men who waited until age 65 to retire, benefits averaged nearly $100. At the other extreme, women whose benefits were reduced for early retirement received an average just above $65. Benefits are based on the worker's average monthly earnings over a period of years, and additional benefits are provided for a wife and dependent child. At the benefit levels in effect in 1966 and 1967, almost all retired workers without financial resources other than OASDHI benefits were living in poverty (as defined by the Social Security Administration).

Amendments to the Social Security Act, which went into effect in February 1968, increased benefits by at least 13 percent. Minimum monthly payments increased 25 percent, from $44 to $55. The top of the range for a man retiring in 1968 is $156, compared to the previous $138. The average monthly benefit for a man and wife now on the rolls increased from $145 to $165. However, most retired (or disabled) workers with a wife and two children, who are totally dependent on OASDHI, are still at or below the poverty level.

Fortunately, many retired workers have other resources, however limited. About 25 million employees in private nonfarm jobs—or almost half the private wage and salary labor force—are building up retirement protection supplementary to OASDHI.[10] About 3 million persons were receiving private pensions in 1966, compared with some 12 million who were drawing retired workers' benefits under OASDHI. How many retirees were thus provided an adequate income, and how many were left below or near the poverty line despite both public and private retirement coverage, are questions not answerable at present.

Civilian employees of the Federal Government (about 2.7 million in 1967) have a separate retirement system which, in the case of employees with long service, provides much more adequate retirement income than OASDHI. In addition to being covered by OASDHI, career personnel in the Armed Forces are also covered by a separate pro-

[10] Walter M. Kolodrubetz, "Growth of Employee-Benefit Plans 1950–65," *Social Security Bulletin*, April 1967, pp. 10–27.

gram financed entirely by the Federal Government.

General or special retirement systems administered by State and local governments are in effect for nearly 3 out of every 4 State and local government employees. Almost all those who are full-time government employees now have retirement protection through special systems, the Federal OASDHI system, or both. Studies by the Social Security Administration show that employees covered by both a State retirement system and OASDHI generally have more overall protection than private industry employees covered by OASDHI and a private pension plan.[11]

SOME IMPLICATIONS AND DATA NEEDS

Though assessment of existing income maintenance programs is hampered by informational gaps, it is plain that present measures to maintain income during unemployment, inability to work because of accident or illness, or old age are inadequate for most workers. The great majority of employees have some protection, varying widely in extent, but many are still without any income protection when jobless or unable to work. And the workers with the most inadequate protection or none at all are usually those most in need of help—the unskilled, the low paid, and those with long and repeated spells of unemployment.

Despite improvements in unemployment insurance and workmen's compensation programs with regard to duration of benefits, reduction of waiting period requirements, and extension of coverage and types of protection, the programs have not kept abreast of changing economic conditions in one very important respect—the ratio of maximum benefits to average weekly wages and to the cost of living. In both programs, statutory changes in benefit levels have lagged behind rising wages and living costs, so that in this regard the programs are even less adequate than they were at their inception. Today, a worker and his family, dependent solely on either program, would in a majority of cases drop below a poverty subsistence level, even if he received the maximum payment allowable under State laws.

To overcome these grave deficiencies will require major strengthening of the country's income maintenance programs. Improved data on the adequacy of private as well as public benefit payments and their relation to the well-being of workers are a lesser need, but they would be of great assistance as a guide in the essential expansion and improvement of programs.

While information on the coverage of the UI program and on benefit payments under it appears sufficient, the basic concept that UI will replace 50 percent of lost wages calls for scrutiny. How adequately does replacement of only half of lost earnings meet the needs of unemployed workers and their families? How do these workers survive on half their earnings? Do they have savings? Do they go on welfare? Answers to such questions are not available, but are essential if the program is to be assessed realistically.

Information on private benefit plans is extremely limited. Such plans are increasing at a very rapid rate, and their importance in the entire system of income maintenance for private wage and salary workers calls for extended study. The available information does not permit determination of the extent to which such plans supplement UI payments or take the place of UI for workers not covered by the public UI system. Nor is it possible to determine the relationship between private benefit plans and OASDHI payments to long-term disabled and retired workers. Such studies as are available of private benefit plans deal largely with the provisions of major collective bargaining contracts and give little indication of actual coverage or performance under these contracts.

Because of the need to develop a greater overall public awareness and understanding of workmen's compensation—its strengths and inequities and its relationships to other types of social insurance—a comprehensive review of the program should be undertaken. A national center for the collection and distribution of comparative workmen's compensation statistics could assemble much needed data, including for each State such items as the number of workers covered, the number and amount of benefit payments by type of disability, and the promptness of payments. Information on what happens to the families of workers who are killed or permanently disabled by work-connected injury or illness would also help in judging the adequacy of the program.

[11] Joseph Krislov, *State and Local Government Retirement Systems in 1965* (Washington: U.S. Department of Health, Education, and Welfare, Social Security Administration, Office of Research and Statistics, 1966), Research Report No. 15, p. 82.

The Role of the UI Management Analyst

Robert L. Clay

Since its inception, the management analysis function in State agencies has been too often misunderstood and misused. However, when one considers the sometimes seemingly ambiguous and conflicting "expert" viewpoints within management, the fact that there is similar conflict in application of analytical skills is not surprising. The purpose of this article is not to resolve the numerous issues of principle inherent in a study of management; our singular objective here is to define the basic job of the staff assistant to line management whom we have called the "management analyst."

We must first understand that the term "management analysis" does not mean the analysis *of* management. It means, rather, the analysis *for* management, that is, the collection and analysis of operating and control data followed by an interpretation and recommendation for action by the line decision maker.

Mr. Clay is with the Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

Why the Need for Management Analysts

From the above, one can infer that management should do its own analysis; that the line officer should be responsible for intimate familiarity with all data upon which his decisions are made. True, but the complexities of all modern enterprise, not just unemployment insurance, are such that managers simply have not sufficient time to assimilate every detail pertinent to every decision. They must make assumptions, at times poorly referenced judgments, even guesses, in order to keep their part of the enterprise moving in concert with the total. Situations which demand prompt decisions often occur when and where sufficient time is not available.

Because of these time constraints, the modern manager is not able to take advantage of all the rapidly multiplying analytical skills. The learning and application of these demanding techniques require full-time attention in themselves. This is not to say that some understanding of these skills is not a management responsibility; it is. The manager must be familiar enough with a particular

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analytical method to assess its validity for his operation. But he needn't, and rarely is he able to, learn the technique in sufficient detail to perform the analysis.

So we can see how the manager, though he is responsible in principle for accurate analysis of decision-making data, cannot in reality perform the total analysis function himself. He must delegate the analysis job, as he does many of his other responsibilities.

Role and Function of the Management Analyst

The management analyst, then, is the person who is delegated the manager's performance of the analytical requirements of the decision-making function. And it would be accurate to call this his "role." However, such a role statement is too general to be of much use in defining job limits. He certainly must do more than analyze and, conversely, he does not do all the analysis prior to management's decisions. We must delve a little deeper into the "role" statement for practical definition.

In order to analyze data, the analyst must first *have* the data. Consequently, to perform his analytical duties, he must have access to the same information sources as the manager. He must know what information is necessary and where to locate it. It must be accurate, timely and in useful form. The management analyst becomes at once both an information specialist and an analysis specialist and must function equally well in both areas. The end products of his analyses can be only as accurate as his original information system.

Once the analyst has established his management data network and has applied the appropriate techniques, he cannot simply turn this raw product over to line management. At this stage, his output is in the form of technical and "jargonistic" charts, graphs, tables, estimates, and sundry other devices representing findings. Now he must interpret these results and translate them from management—not only in understandable language but by outlining the possible courses of action indicated and the feasibility of each in terms of such variables as time, cost, personnel, capabilities, legal constraints, etc. This process of synthesis and interpretation is the culmination of a thorough job by the analyst. In a discussion of issues of principle one must periodically clarify by summarizing the basic points being made. So, let us bring these points together into one short list:

A. The role of the management analyst is to perform the analyses required for timely and accurate decision-making by management.

B. The major tasks involved in fulfilling the analysis role include:

1. Establishment of an effective management information system.
2. Technically competent analysis of the data flowing through the information network.
3. Presentation to management of all feasible courses of action.

The foregoing generally illustrates the nature of the management analyst's position. He is essentially a "controller" for line management, except that his responsibility is not only to uncover problems but to provide solutions as well. His assignments may range from work measurement and the development of work and time standards to such routine jobs as developing equipment and supply controls and evaluating unit performance. Whatever his task, the properly employed analyst will be able to equate everything he does to the role of problem solver.

Management analysis work is done in varying degrees of sophistication throughout the supervisory structure. The management analyst, as a position, however, is usually found at or near the top of the organization. At this point, sufficient authority is available for delegation to the analyst to permit him to go wherever required for the information he needs. It is also at this level that line management's lack of time and skills for effective control and operational improvement are most critical.

What Are the Pitfalls in the Analyst's Role?

There is one extremely important aspect of the analyst's role. He must not succumb to his own bias. Being an intelligent individual and trained in highly involved techniques of management-problem solving, the analyst will, if he is not careful, begin to make personal judgments as to the merits and effects of various solutions. He may begin to feel that he knows more than anyone else about the organization's various problems and how they can be effectively corrected.

It's only a short step from this feeling to the exercise of bias. By omitting certain facts or conclusions from data or by presenting both facts and conclusions in such a manner as to emphasize certain points and de-emphasize others, the analyst may have an undue influence on the final decision. While not a clearly dishonest exercise of prerogatives, this type of slanted presentation is, at the very least, unethical. But the temptation, nevertheless, is great. And the rationalization that what is being done is for the good of the organization is all too easy to use.

It has been said that "the source of information is the source of power." If the position of management analyst is effectively used, the analyst can indeed become a very valuable source of important information. It is up to the analyst to keep a constant watch on his inevitable bias so as to control it, to seek no power for himself and to preserve his proper staff relationship to his line component.

Another ethical consideration is that of understanding and operating under the restraints inherent in the staff position. Because the management analyst represents the top or near-top level in his personal contacts with operating and supervisory personnel, he may begin to attribute certain line prerogatives to his own position. His wide knowledge of program activities and problems may tend to make him impatient and demanding, particularly in his contacts with lower level employees. He may accept, and even foster, an attitude of deference to his influential position. He may come also to seek the feeling of power and importance which can be generated by acting as an investigator rather than a fact-finder. People may then view him as a person to hide things from rather than one to cooperate with. This type of analyst will, in time, create an impossible situation for himself and, consequently, greatly reduce his usefulness to management. To avoid these ethical pitfalls, each analyst must develop and work by a professional code. He must perform his complex duties without causing complicated situations. He must take advantage of every opportunity to establish good working relationships, particularly with supervisory and technical staff, and to explain what he is studying, and why, and the benefits to be derived. He must control any tendency to be overbearing or condescending. He must never permit anyone to use him to bypass the established channels, by accepting complaints, rumors or just plain gossip.

Alert to Line Management

One final point is necessary and is addressed to line management. The analyst can be no more effective than the manner in which he is employed. Properly supervised, the well-trained analyst can accomplish much of real importance. He can be a source of innovative and decision-forming information unequalled in the organization, promoting changes and improvements leading to significant increases in the quality and quantity of production. He cannot, however, do this from the beginning. The development of a highly skilled management analyst may take up to several years; the length of time will depend, at least partially, upon the level of skill and experience the new analyst brings to the job. As the analyst's training progresses, he can handle increasingly complex assignments, establishing himself and his lines of communication throughout the organization. Ultimately, the investment in training can pay handsome dividends in the significant resulting work product.

But a management analyst cannot rise above the inept and unimaginative line manager who, out of ignorance of the potential of management analysis or out of fear that someone will know more than he, fails to employ his analysts to their fullest capabilities in the really significant areas of his responsibilities. Ultimately the only assurance that the management analysis function will accomplish its full potential is the ability of line management to understand and work with this highly sophisticated new "tool."

Issues Reflected in Recent Appeals Decisions

Current Cases in Adjudication of Voluntary Leaving in Anticipation of Layoff or Discharge

William J. Jackson

Basically there are as many reasons for leaving a job as there are workers who quit their jobs. However, the challenge every State agency must meet is intensified if a claimant states as his reason for separation: "I quit because I found out I was going to be laid off shortly" or "I left to keep my record from showing I was discharged."

A leaving of work in anticipation of a lay-off or discharge raises a question first as to whether the claimant, in fact, "left" work, or whether he was "discharged." Decisions on this point almost invariably must turn upon considerations of cause and effect, such as whether an intervening action may supplant an initial action designed to terminate an employment relationship. A conclusion of "discharge" ordinarily requires consideration of the cause of discharge, from the standpoint of whether the discharge was for "misconduct connected with the work." If it is found that the claimant "voluntarily left work," then the question of whether he has "good cause" for doing so is a necessary consideration.

To what extent may a claimant seek to better his employment status, in the face of an impending lay-off or discharge, and still receive unemployment insurance benefits? Will "good cause" be found for a leaving of a short-term job in order to seek or to accept more permanent work? Where a worker leaves because his discharge is imminent, what weight should be given the fact that he had no immediate prospect of other employment? Questions such as these are typical of those which confront unemployment insurance adjudication personnel.

A California referee took a liberal view in a decision (No. OAK–5444, Dec. 8, 1967) in which an assembler was suspended for 60 days with the possibility of discharge thereafter. The company had received a failure-to-pay notice from a creditor of the claimant. In order to obtain his vacation pay of $200 while he was under suspension, according to the company-union contract, he had no alternative but to quit. The referee held in part:

> In the present case the claimant resigned in order to obtain vacation pay. If he had not resigned, he would

Mr. Jackson is with the Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

have remained as a suspended employee for a maximum of 60 days. He would have been without earnings. By quitting and obtaining the vacation pay he improved his financial position. Even though the financial improvement may have been only temporary, in the situation in which he found himself, the claimant had a compelling reason for quitting. Thererfore, he voluntarily left his most recent work with good cause.

A California referee's decision applies similar logic in deciding a case (No. BN–4350, Jan. 22, 1968) in which the claimant left work because he anticipated a period of work suspension, although in this case the suspension was to be by virtue of an impending labor dispute. The claimant, a meatcutter, had observed his fellow employee union members discussing a strike against their employer, and, upon his own conclusion that a strike was inevitable, he quit to investigate the possibilities of other more reliable employment. He had been advised by his union representative that work was available in another city. However, the new work failed to materialize and he could not return to his former employer because by now the contemplated strike was in effect. The referee in stating the reason for his decision explained:

The Appeals Board has held in Benefit Decision No. 3413 that generally a leaving of work to seek more desirable employment is a leaving without good cause.

He further stated:

In Benefit Decision No. 4940, the Appeals Board said: ". . .In order to justify the action of an employee in leaving otherwise suitable employment, reasons of a compelling nature must exist so that it may be fairly concluded that the action of the employee, although admittedly a voluntary one, was induced by force of circumstances beyond his control which would leave the ordinary, reasonable individual to adopt a similar action."

The referee's decision finally denied benefits stating:

In the circumstances shown, the claimant could have continued his work. The decision to strike had not been made. He had no actual job offer to go to. If and when the contemplated strike occurred, there appears to be no reason that he could not then have made the work search that he did. The referee finds that the claimant's reason for leaving his employment was noncompelling and thus without good cause.

Quite often a separation occurs as a result of an individual's attempts to improve his employment situation, and the claims adjudicator must take this factor into consideration. Appeal tribunals are confronted in this situation with the need to determine whether the individual's seeking to improve his condition, at the cost of advancing the time that he might otherwise become unemployed, calls for a disqualification.

A Texas Commission decision (No. 192–CA–68, Apr. 16, 1968) reversed an Appeals Referee's decision (No. 897–AT–68, Mar. 1, 1968) disqualifying an electrical draftsman who was informed on December 28, 1967, that because her work was unsatisfactory she was being terminated but could work through December 29, 1967, and would be paid through January 2, 1968, the end of the pay period. The claimant, however, received permission to leave immediately to begin a search for other work, and was paid by the employer through January 2, 1968.

The appeals referee held:

The evidence further establishes that the claimant could have worked one or two more days after the employer gave her notice but she decided that she would not so she could seek other work. Although the claimant may have had good personal reasons for leaving her work, I find that she voluntarily left her last work without good cause connected with the work. The determination dated January 31, 1968, disqualifying the claimant six weeks under Section 5(a) of the Act will be affirmed.

In its reversal the Commission stated that in this situation neither a voluntary leaving nor a discharge would be under disqualifying circumstances:

Since there has been no misconduct alleged in connection with the claimant's separation, it is clear that she is not subject to disqualification under Section 5(b) (Discharge For Misconduct) of the Act. Normally claimants who resign before the effective date of a layoff or a discharge are disqualified under Section 5(a) (Voluntary Leaving) of the Act for voluntary leaving. This case is different, since the employer agreed to pay the claimant through the end of the pay period on January 2, 1968, regardless of whether she worked or not. Since the claimant would have received no more pay had she remained on the job for another day or two, we see no reason why she should be disqualified under Section 5(a) of the Act. The decision of the Appeal Tribunal will therefore be reversed, and the claimant will be awarded benefits without disqualification under either Section 5(b) (Discharge For Misconduct) or Section 5(a) (Voluntary Leaving) of the Act.

Alaska presented a similar point of view in a Commissioner Review decision (No. 477) (CCH Alaska, Par. 8047.04 Jan. 19, 1966) in which a claimant who had been employed by a hardware and industrial supply company for 13 years was told in May 1965 that the store would be in receivership by August and that he should seek other

work. Accordingly, the claimant made plans to move with his family back to his former home in Washington. However, prior to his departure he was informed that the store would remain open an additional 6 weeks, but he elected to carry out his original plans and departed on August 31, 1965. The store did not close until October 15, 1965. The Commissioner's conclusion recognizes that although the employee owes an allegiance to his employer, the conditions of employment may sometimes develop to the detriment of the claimant to a degree that justifies his quitting:

> Claimant was given a termination date and advised to make arrangements for other employment. He then made plans to move with his family to their former home in Washington. That the employer extended the period of employment is not material to this issue as it occurred after the claimant had made preparations for his departure prior to that notification. This coupled with the uncertainty of his continued employment supplied good cause for his voluntarily leaving that work.

Finally, the Commissioner held that the rule of law which applied in this case is as follows:

> There are isolated instances where a claimant may leave suitable work with good cause; in the instant case claimant's actions were those of a reasonable and prudent person who desired to retain employment. His leaving was the only course open to him, therefore it established good cause for the leaving.

The California Appeals Board issued two decisions indicating that it is the specific circumstances in a given case to which we must look to determine the nature of a separation. If either party intervenes and prevents pending action of the other from materializing, their original positions may suddenly become reversed. In Case No. 68–780, April 3, 1968, it is shown that an employer notified the claimant on Tuesday, November 28, 1967, that he was to be discharged at the end of the workweek, December 1 or December 2, 1967. The claimant, stating he might as well leave immediately, left his job before the end of the shift on November 28, 1967. In support of its decision to disqualify the claimant under the voluntary leaving provision, the Appeal Board stated:

> This case presents the recurring question whether the discharge of a claimant has been converted into a voluntary quit by premature action of the claimant. In determining the nature of a termination, we look to the circumstances of the moment. Discharge or notice of discharge normally marks the employer as the moving party. Announcement of quitting usually indicates the employee is leaving voluntarily.
>
> We have held in many decisions, however, that if one of the parties intervenes and prevents pending action of the other from coming into being, positions suddenly may be reversed.
>
> Claimants who resigned or otherwise left their work in the face of impending discharge or layoff have left their work voluntarily. The converse of the proposition has been recognized where we have held that when an employer terminates the employment before the date of resignation, the claimant has been discharged.
>
> Applying these several principles to the case before us, we concluded that the termination of November 28, 1967, was a voluntary quit. The record indicates no evidence of good cause for leaving. Continued employment was available to the claimant at least until the end of the week.
>
> The claimant therefore is found to have left his most recent work voluntarily without good cause and is disqualified for benefits.

Consider an interesting contrast in which the California Appeals Board (Case No. 68–560, Apr. 12, 1968) could not agree with the referee (Case No. BK–10799, Jan. 18, 1968) and held the claimant not disqualified. The claimant had been a photographic equipment salesclerk, hired on a temporary probationary basis. His work did not prove satisfactory and at approximately 11:45 a.m. on his last day the manager advised him that he would be discharged at the end of the workday at 5 p.m. The claimant elected to leave immediately rather than finish out the day.

The referee gave as his reasons for the disqualifying decision:

> In determining whether there has been a voluntary leaving of work or a discharge under section 1256 of the code, the California Unemployment Insurance Appeals Board reasoned in Benefit Decision No. 6590 that a discharge occurs where the employer is the moving party in terminating the employment, and that a voluntary leaving of work occurs where the employee is the moving party in terminating the employment.
>
> Based on the evidence, the claimant was the moving party in terminating the contract of employment. The employer notified the claimant at 11:45 a.m. that he would be terminated as of 5 p.m. that day. The claimant replied he would leave as of then. Had the claimant remained until 5 p.m. he would have been entitled to an additional one-half day's pay. The claimant does not indicate he had other employment at the time of termination nor was there any other situation involved which would have caused the claimant to leave the employment one-half day earlier than he would have been required to.
>
> It is therefore the finding of the referee that the claimant's termination was a voluntary quit without good cause and not a discharge for misconduct.

The Appeals Board however found the separation to have been, instead of a voluntary leaving, a nondisqualifying discharge and reasoned:

In Benefit Decision No. 6804 we held that when a claimant is advised he is discharged effective at the workday, an election by the claimant not to work the rest of that day does not change the character of the termination. The rationale of that case is applicable to the present one. The employer was the moving party in bringing the employment to an end.

In Benefit Decision No. 6804, the Appeals Board had noted that, as here, the claimant had left work on the *effective* date of his discharge, and that this being so the claimant's election not to work the last few hours of his shift had not "constituted an effective intervening cause" to convert a discharge into a leaving.

An Alabama referee's decision (No. 4401–AT–66, Feb. 16, 1966, BSSUI, VL–135.25–43) has taken a different viewpoint in affirming an agency determination. It assessed no disqualification in connection with the separation of a claimant who, along with other employees, was informed on August 22, 1966, that there would be a reduction in force effective September 1, 1966. Instead of returning to his job, the claimant made a diligent effort to find other work. The referee's conclusion in favor of the claimant stated:

It has been repeatedly held by the appellate bodies in this State that when an employee turns in a notice that he is going to quit and is terminated by the employer prior to the expiration of the notice that he voluntarily leaves his employment without good cause connected with the work since he set in motion the event that resulted in his termination. Applying the same logic in this case, the claimant would have continued working had he not been informed that he was going to be laid off within a short period of time. The employer, therefore, set in motion the event which resulted in the claimant's separation from employment. Under these circumstanecs it is concluded that the claimant is not subject to disqualification in connection with his separation from the base period employer.

In some instances, a claimant may have left work under threat of discharge, as opposed to definite notice of discharge, or because of harassment from the employer. Thus in an Oklahoma Appeal Tribunal decision (No. 612–AT–68, Mar. 21, 1968) the referee disqualified a claimant who quit under the following circumstances. She had worked 9 or 10 months, without any difficulty, as a surface wireman on the night shift. When transferred to the day shift her supervisor began to harass her about low efficiency and threatened to discharge her if she did not improve. The union interceded at the claimant's request and she was not fired. However, from that point on her supervisor would not leave her alone; and although the claimant was no longer threatened with discharge, the harassment increased. Some 5 or 6 months later, the claimant decided to quit after her request for a transfer was rejected. The referee's denial stated:

The claimant's testimony shows that although her supervisor was frequently remarking that her efficiency was low and that he did not believe she would ever make a good hand, he did not anymore threaten her with discharge. It is our conclusion that this was a difficult situation to work under, but the claimant did not have sufficient good cause connected with the work to leave her employment.

An opposite opinion was expressed in the decision (No. 75–120–67, Jan. 9, 1968) of a New York referee. The claimant worked approximately 2 years for a manufacturing company and finally learned from a coworker whom he had been training that the coworker was to replace him in a few days. The general manager would not answer the claimant's questions about his status and, instead of talking to the claimant about business matters and work, he sent messages through the coworker. When all of the claimant's duties were finally taken over by the coworker and the claimant had little or nothing to do, he became nervous because of his tenuous status and voluntarily terminated his employment. In his decision the referee stated:

I am satisfied that claimant was justified in quitting. This is not the ordinary case of a discharged employee who quits earlier than the date set for his termination. In this case claimant's superior treated him in a manner which justified his quit. Claimant held a responsible position, yet he was not informed of changes regarding his position and his superior chose not to speak with him for extended periods; yet the record did not disclose that claimant had done anything to provoke this treatment by his superior. In addition, claimant found his duties delegated to a coworker without even the formality of being told by someone in authority that this was happening. I am satisfied that the superior's course of conduct may have been deliberately designed to encourage claimant to leave as and when he did.

When the employer-employee relationship is dissolved, either one of the parties may have initiated the action to end it in a voluntary leaving or a discharge; but the appeals referee has a much more complex situation to resolve if, prior to the materialization of the originally intended end, the other party intervenes to bring into effect his own intended end result. The foregoing decisions reveal that such situations have been resolved in different ways. If a leaving of work with knowledge of imminent discharge is to be considered a "voluntary leaving," should a discharge, following the

worker's announcement to the employer of his intent to leave work within a short time, be considered a "discharge"? Under what circumstances may a leaving of work be considered part and parcel of the notification to the claimant that he would be discharged? May good cause "attributable to the employer" or "connected with the work" be found in situations in which the claimant's action in leaving work is a direct response to the employer's notice of discharge? In those instances in which a voluntary leaving is found, should the claimant's prospects for more permanent work in his occupation be a material, or perhaps, the controlling factor?

Trends in the Economy*

Most of the Nation's major economic indicators in the last quarter of fiscal year 1968 reflected a continuation of high level activity that has characterized the economy since the "mini-recession" in the last half of fiscal year 1967. Gross national product (GNP) scored another rise, the second largest quarterly gain in the Nation's history; the record increase of $20.2 billion (seasonally adjusted annual rate) was in the 1968 January–March quarter. After dropping slightly in April, industrial production rose in both May and June to new highs. The June increase, however, was far less than the May rise. Personal income also rose substantially during the quarter, with a monthly average of about $4 billion (annual rate).

There are some indications, however, that slower growth will occur in fiscal year 1969; the gains, as reflected by the most recent economic indicators, have become progressively smaller; cases in point are GNP, industrial production, and personal income. The rise in GNP in the final quarter of fiscal year 1968 was basically more apparent than real. Nearly half was due to price increases, and inventory growth made up a substantial proportion. To illustrate, in the 1968 fiscal year third quarter, inventories grew at an annual rate of about $2 billion, and final demand was up by $26 billion. In the last quarter, inventory accumulation was $8 billion—boosted by steel strike hedging and automobiles; final demand was only $13 billion. Too, retail sales have flattened. The June level was unchanged from May and only fractionally above April. Housing starts dipped in both May and June and were at their lowest level since December 1967. The rise in interest rates and the "money crunch" in recent months does not presage a strong rise in new starts.

With respect to employment, the June level was far above seasonal expectations, but so was unemployment. The jobless rate rose to 3.8 percent of the civilian labor force, was the highest since November 1967.

Business Activity

For the fourth consecutive quarter, *gross national product* showed a substantial gain. The rise of $19.6 billion in the final quarter of fiscal year 1968 carried the total to a $850.8 billion annual rate—$70.6 billion above the level in the comparable quarter a year earlier. GNP has increased at an average of $17.7 billion a quarter, with the largest quarterly rise ($20.2 billion), as stated, occurring in January-March 1968.

Slightly less than half of the final quarter rise represented price increases—indicating that prices rose at about a 4-percent annual rate. As indicated

**Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.*

below, the $19.6 billion advance was fairly evenly distributed among the major components of GNP.

Personal consumption expenditures moved up by $7.7 billion to a seasonally adjusted annual rate of $527.1 billion, with expenditures for services growing by $4.3 billion. The moderate increase in consumer spending was well below a $12 billion rise in disposable personal income. As a result, personal savings expanded sharply and the savings rate, at 7¾ percent, was one of the highest in the post-war period.

Gross private domestic investment (GPDI) showed a net gain of $6.4 billion, with virtually all of the increase centered in inventory accumulation. The other components of GPDI—expenditures for residential structures and nonresidential investment—in effect, showed no change as a $1.0 billion increase in the former area was offset by a decline of the same size in the latter.

Between the third and the final quarter, government purchases of goods and services moved up by $5.1 billion. Federal Government expenditures reached a $100.0 billion rate for the first time—some $2.9 billion above the preceding period. Defense expenditures advanced by $2.5 billion following a $2.2 billion gain in the January-March quarter. Spending of State and local governments showed a slowing in its rate of growth—from $3.4 billion in the third quarter to $2.3 billion in the final fiscal year quarter.

Net exports of goods and services registered a slight improvement over the final quarter, rising by $500 million to a seasonally adjusted annual rate of $2.0 billion; this marked the first gain recorded since the first quarter of the fiscal year.

For all of fiscal year 1968, GNP totaled $822.1 billion—some $53.6 billion higher than in the preceding fiscal year. Consumer expenditures accounted for about 60 percent of the increase and Federal spending another 20 percent. With respect to Federal spending, expenditures for defense accounted for $8 billion of the $10.8 billion total.

Business firms budgeted increases in *capital expenditures* for the last two quarters of calendar year 1968, following a minor dip in the April-June quarter. For the year as a whole, the SEC-Commerce survey conducted in late April and early May put expenditures for new plant and equipment at $65.8 billion, nearly 7 percent more than in 1967. (This was a small upward revision in the 1968 investment program reported 3 months earlier and stems entirely from nonmanufacturing industries.)

A realization of the 1968 investment plans will make 1968 the seventh year of expansion, although there has been a marked slowdown from the large increases recorded in 1964, 1965, and 1966. In 1967, a 2-percent increase was posted and this advance was well below the increase in capital goods costs. The slowdown since 1966 was widespread but especially pronounced in manufacturing where capacity utilization rates have fallen from close to 90 percent in 1965 and 1966 to about 84 percent. The current capacity surplus and an expected weakness in demand over the next 12 months indicates why manufacturers are scheduling (in current dollars) only a small rise (3½ percent) over 1967. This just about matches, or may be slightly below, the probable increase in plant and equipment prices.

The index of industrial production rose by three-tenths of a percentage point to June's 164.4 percent of the 1957–59 average; this marked the second month in a row that a record high was set. Compared with a year earlier, output was up by nearly 6 percent. Production of manufacturers alone advanced over the month by 0.3 point to 166.1 percent, with both durable and nondurable output sharing in the gain. Increased production was registered by nearly every category of durable manufactures; the exceptions were clay-glass-lumber, instruments and related products, and primary metals. In the latter category, curtailed aluminum production more than offset the rise in steel output as some 11.9 million tons of steel were poured in June. The most substantial increases were reported in machinery output and in production of transportation equipment; gains occurred in both motor vehicles and parts and aircraft production. In the nondurable goods sector, production moved higher in every broad industry group except chemicals-petroleum-rubber products.

Output of mining industries climbed by 1.4 points from May to 128.3 percent, with increases in both coal output and natural gas production. Utility production, at 196.0, remained virtually unchanged over the month.

Total industrial production in fiscal year 1968 was 160.6 percent of the 1957–59 base average. This compares with 157.3 in fiscal year 1967. All industry groupings showed increases, with the most substantial rise in utilities. The rise in manufacturing

output was also substantial, with the nondurable industries accounting for most of the increase.

New orders for durable goods fell in June to $24.5 billion (seasonally adjusted) from $25.5 billion in May. The decline was largely attributable to a reduction in transportation equipment orders, as bookings for aerospace equipment declined (for the second consecutive month) and orders for autos and trucks moved down from the calendar year 1968 high established in May. Orders for primary metals declined by $500 million, reflecting a strike in the aluminium industry and a slack in strike-hedge buying of iron and steel products. On the other hand, the machinery industries reported their fourth consecutive increase in new orders, reaching a seasonally adjusted $5.1 billion from $4.9 billion in May.

June shipments of durables, at $25.5 billion, were virtually unchanged from their May level. Small advances in some industries just about offset declines in others.

With shipments outstripping new orders, the *backlog of unfilled orders for durable goods* fell in June to $79.9 billion, about $1.0 billion below May's figure. The decline primarily reflected the factors which affected new orders in June, most notably the weakness in iron and steel products and in aerospace items. From a year earlier, the backlog was up by $3.7 billion, with transportation equipment accounting for nearly 80 percent of the increase.

Personal income continued to rise in June, moving up by $4.75 billion to a seasonally adjusted annual rate of $683 billion. June's gain compares with the $5.5 billion increase in May, and was equal to the average monthly rise of the last 12 months.

A $4 billion increase in wages and salaries accounted for most of the June income rise. Except for construction, which fell by $\frac{1}{2}$ billion, gains were widespread among the major industries and were especially large ($1 billion) in both trade and services. Although there was scant difference in the dimension of the May and June increases, there was a marked difference in industrial distribution. Manufacturing accounted for about one-third of the June increase, but two-thirds of the May gain.

At $145.8 billion, manufacturing payrolls were $1.5 billion ahead of their May total. Both increased employment and higher wage rates were responsible for larger payrolls in all industries except primary metals. The largest gains were in food products, printing, electrical machinery, transportation equipment, and fabricated metals. A decline in primary metals payrolls mostly reflected a strike in the aluminum industry.

Nearly all other income categories also advanced over the preceding month; interest income was up by $\frac{1}{2}$ billion, while proprietors' income and transfer payments showed smaller gains. Dividends declined almost $\frac{1}{2}$ billion after rising steadily since December 1967.

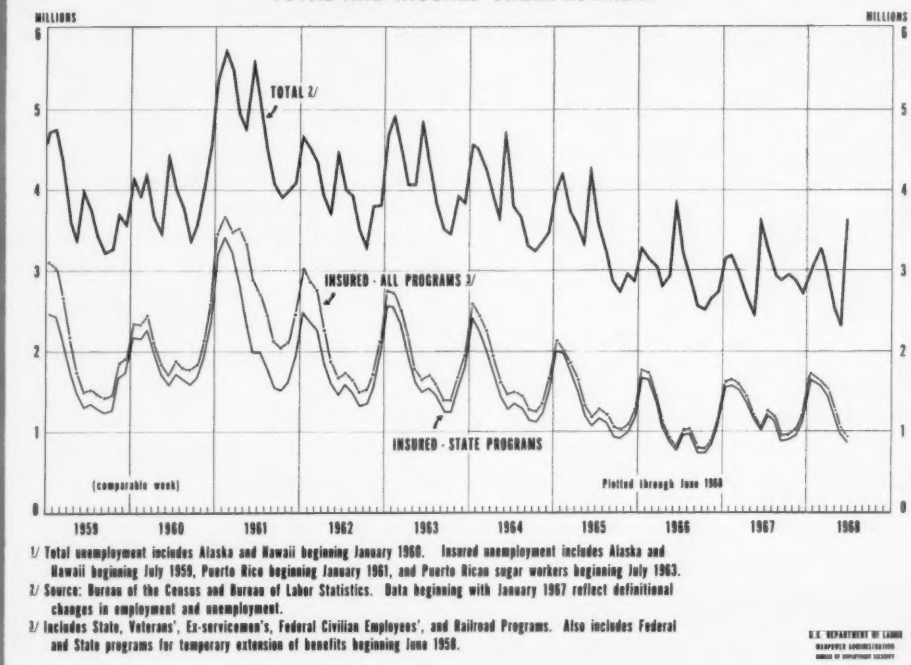
For fiscal year 1968, personal income came to $654 billion, compared with $606 billion in fiscal 1967. As would be expected, the bulk of the rise occurred in the wages and salaries category, where a $33 billion gain brought the fiscal year average to $442 billion. Although wages and salaries moved up each quarter during the fiscal year, over three-fifths of the rise occurred in the last half of the year. The 1968 rise was shared by all categories. Income in manufacturing industries was up by $7.0 billion, and in government, the advance was about $8.2 billion. The largest gain in the government category occurred in transfer payments, some $6.5 billion, due mainly to a jump in social security benefits and in medicare payments.

Total *retail sales* in June, at $28.0 billion (seasonally adjusted) were virtually unchanged from May, but were about 6 percent above a year earlier.

Neither the durable goods sector, where sales stood at a seasonally adjusted $9.1 billion, nor nondurables, where sales were $18.9 billion, showed much change from the previous month. However, both were substantially above year-earlier totals (6 percent and 5 percent, respectively).

Seasonally adjusted June figures are not available for individual industries. The unadjusted figures, however, show sales declines for virtually all major industries over the month. Most reductions, however, were nominal. The largest decline occurred in the automotive group, where sales fell by over $200 million from May's 1968 high of $6.1 billion. Almost 781,100 units of domestically produced cars were sold in June. This compares with about 800,000 in May. June's figure was, however, about 1,000 above that of June 1967.

Housing starts slipped further in June after May's slump. At a seasonally adjusted annual rate of 1,313,000 units, starts were slightly below the


TOTAL AND INSURED UNEMPLOYMENT 1/
MILLIONS
MILLIONS
TOTAL 2/
INSURED - ALL PROGRAMS 3/
INSURED - STATE PROGRAMS
(comparable week)
Plotted through June 1968
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1/ Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959, Puerto Rico beginning January 1961, and Puerto Rican sugar workers beginning July 1963.
2/ Source: Bureau of the Census and Bureau of Labor Statistics. Data beginning with January 1967 reflect definitional changes in employment and unemployment.
3/ Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.

1,345,000 May rate, but were still above the 1,233,000 registered last June.

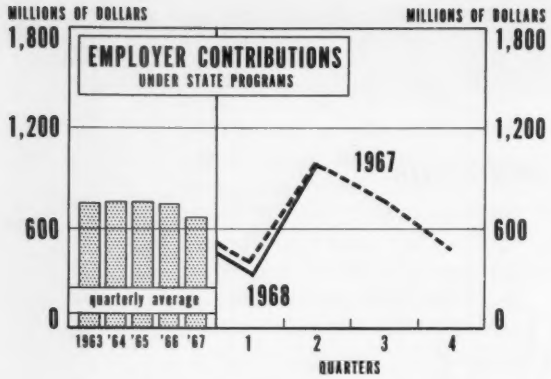
A strong showing in the western region prevented housing starts from presenting an even more dismal picture. However, the gain here was more than offset by substantial losses in the northeastern and southern areas and a smaller decline in the north central region.

Starts of single family structures were down by over 50,000 from May, with smaller gains in the apartment size categories failing to offset this large reduction.

The seasonally adjusted annual rate of *permits issued* for future construction also declined in June, falling by 21,000 to a 1,259,000 unit rate. A substantial falloff in the north central area more than offset gains in other regions.

Permits in the single family size category fell by 24,000 to 635,000. In the larger size groups, a gain in the two-four-family category slightly more than equalled a decline in the five-or-more family category.

Consumer prices in fiscal year 1968 were considerably higher than in the preceding fiscal year. The index rose by 3.6 points, or 3.1 percent, to a record 118.3 percent of the 1957–59 base average. Most of the increase occurred in the second half of the fiscal year, when the overall index was rising



at over 4 percent annually. The May index (the latest month available) was 120.3 percent of the base average.

All major areas of consumer purchases shared in the fiscal year increase. Service-type components were hardest hit, and services themselves experienced a 5.1-point increase, raising their cost by 4.1 percent above the year-earlier price and some 30 percent higher than in the 1957–59 base period. Health and recreation expenses were sharply higher—up by 4.4 percent over the year and nearly 27 percent above the base period. Transportation also showed a hefty gain, advancing by 3.3 percent over the year. In addition, commodities were more expensive in fiscal year 1968 but less sharply so. The only major area in this sector where costs rose more than average was apparel and upkeep. Here, a 4.1-percent rise was registered, bringing the fiscal year 1968 average to 116.4 percent of the base period. (Note: All fiscal year 1968 figures are preliminary, based on an 11-month average.)

Employment

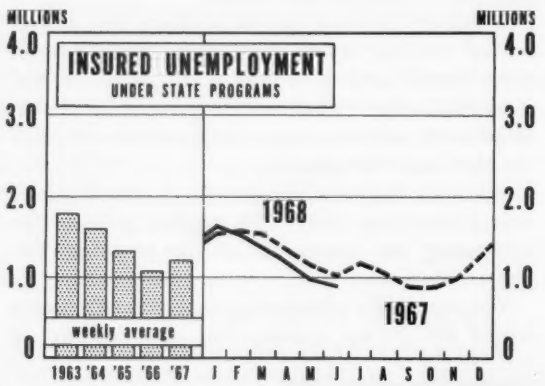
The civilian labor force in June topped the 80 million mark for the first time, increasing by 2.7 million, as a larger than expected number of teenagers entered the job market. A considerable number of the young people found jobs, but a large number failed, resulting in increases of both employment and unemployment.

Total employment moved up during June to a seasonally adjusted 76 million. This was 200,000 more than expected at this time of year, with all of the rise in nonfarm jobs. Farm employment showed only a seasonal change.

The number of workers on *nonfarm payrolls*, 82,000 higher than in the previous month, rose to a seasonally adjusted 67.9 million. Increases were shown in all major industry groups, except construction and mining. Gains of about 40,000 each took place in manufacturing, transportation and public utilities, services, and State and local governments. The weakness in construction employment (which was off about 79,000 because of tight credit and low housing starts) and only a modest expansion in retail trade contributed to the problems of youths hunting summer work. These industries normally supply substantial employment for vacationing students.

Manufacturing employment rose by some 40,000 to 19.7 million (seasonally adjusted) with most of the gain in the nondurable goods sector. Employment among apparel workers was up by 10,000, while increases of 7,000 were reported in both textiles and rubber. In the durable goods sector, ordnance, fabricated metals and transportation equipment each reported increases of 6,000. The most substantial decline was in primary metals—12,000. All other reductions were nominal.

Compared with June a year earlier, *nonfarm payroll employment* was higher by 2.1 million. The service-producing industries accounted for four-fifths of the increase, with the largest gains recorded in government (560,000), trade (477,000), services (434,000), and finance, insurance and real estate (124,000). Manufacturing reported an over-the-year rise of some 368,000, with the gain almost equally distributed between the soft goods and hard goods industries. The largest increases were in rubber (77,900), electrical equipment (60,100),



transportation equipment (58,600), textiles (35,600), apparel (32,300), and ordnance (28,400). Employment in nonelectrical machinery was off by 21,000 over the year.

The *average workweek* for manufacturing production workers in June held steady at 40.9 hours (seasonally adjusted)—equal to the highest level of the last 17 months. Overtime, at 3.6 hours, was down 0.1 hour from May. *Average hourly earnings* in manufacturing rose a penny in June to $3, the first time they have reached that level. At $123.30, the *average weekly paycheck* for a manufacturing worker was up $1.01 from May and $8.81 from June 1967.

Total civilian employment grew by nearly 1.6 million in fiscal year 1968 to an average of 75.3 million. Nearly two-thirds of the rise was among adult women; the remainder of the increase—685,000—was among adult men, as teenage employment contracted by 114,000. Nearly all of the year-to-year advance in total employment was in nonagricultural jobs; however, in contrast to the long-term downtrend, agricultural employment moved up also, advancing by 46,000.

Among the industries, the largest increases occurred in government (678,000), services (475,000), and trade (328,000). Manufacturing employment was up by 171,000, almost equally divided between the durables and nondurables industries.

Unemployment

Total unemployment rose sharply in June as a substantial number of young people swarmed unsuccessfully into the job market at the end of the school year. Unemployment normally moves up sharply in June; however, the increase to 3.6 million from May's 2.3 million was about 200,000 greater than seasonally expected. Teenagers accounted for 1.0 million of the over-the-month rise.

The unemployment rate was up from 3.5 percent in both April and May to 3.8 percent in June, the highest point since last November and just below the 3.9 percent of June 1967. The rise was due entirely to the big jump in joblessness among teenagers and 20 to 24 year-olds; the rate for adult men edged up to 2.3 percent from 2.1 percent, while the adult women's rate remained at 3.7 percent.

With the increase centered among out-of-school youth, the teenage rate rose to 13.6 percent from 12.6 percent in May. Nonwhite teenagers were the hardest hit; their rate climbed to 30.1 percent from 25.7 percent, while the rate for white teenagers inched up to 11.5 percent from 11.2 percent. The jobless rate for 20 to 24 year-olds moved up to 6.5 percent from May's 5.3 percent.

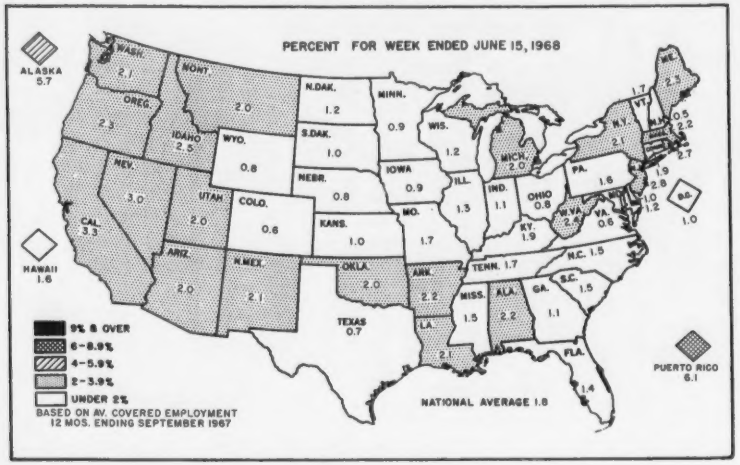
For the entire fiscal year, total unemployment, at 2.9 million, was up by 103,000. Joblessness among all groups moved higher; about two-thirds of the rise was among teenage jobseekers; the remainder was nearly equally divided between adult men and women. Included in the jobless count in fiscal year 1968 were an average of some 1.1 million adult men, 1.0 million adult women, and 855,000 teenagers.

The Nation's unemployment rate edged up from 3.7 to 3.8 percent between fiscal years 1967 and 1968. For teenagers, the rate jumped by 1.2 percentage points to 13.1 percent. The unemployment rate for adult men was unchanged at 2.4 percent, while the rate for adult women moved downward, to 3.9 from 4.0 percent.

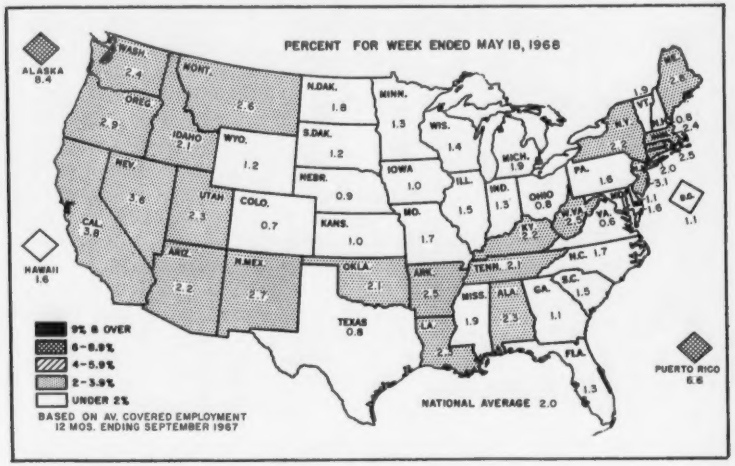
Weekly average insured unemployment has been trending downward during the fiscal year, and the June volume of 883,400 was the lowest since June 1966. The fiscal year average came to 1,158,700, little changed from the averages in both 1967 and 1966. This fiscal year, insured unemployment accounted for 39 percent of total unemployment, about the same as in the preceding fiscal year.

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

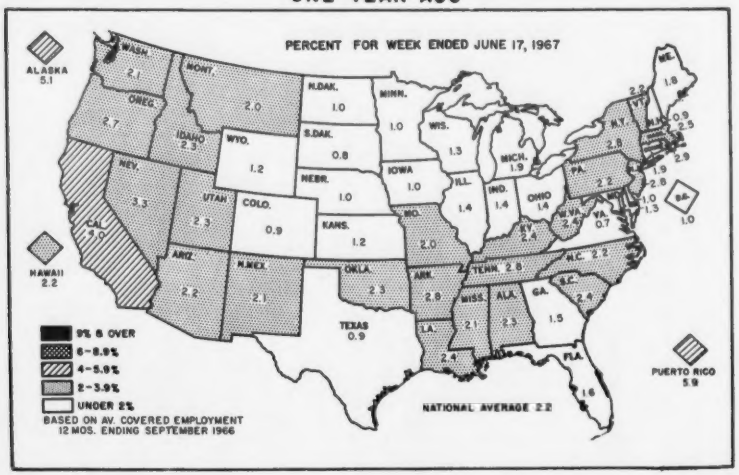
LATEST MONTH



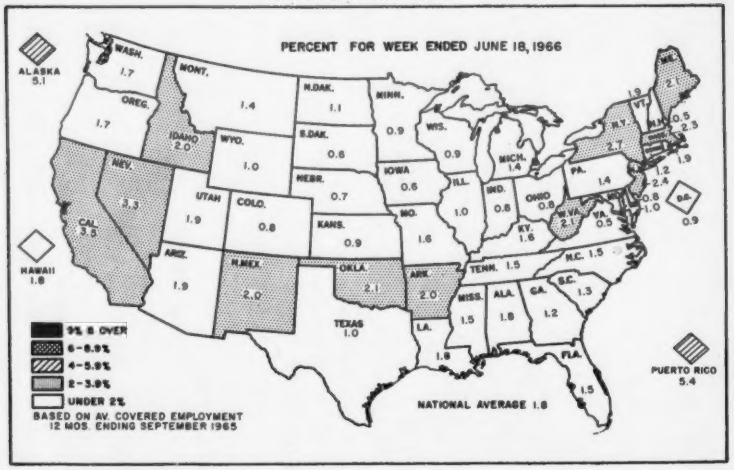
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



Insured Unemployment*

Fiscal Year 1968

Indicative of the unprecedented economic expansion that has taken place over the past 7½ years, the number of insured unemployed covered under State programs averaged 1,158,700 per week during fiscal year 1968—only slightly changed from the previous year's average of 1,141,700 per week, and the 1,152,000 figure of 1966. These three averages represented the lowest for any fiscal year since the 1950's.

The comparatively low volumes of insured unemployment during the past 3 years gives insight into some of the problems connected with the composition of the Nation's work force. For experienced workers (since covered workers eligible for unemployment insurance benefits are, by definition, experienced) the stability of jobs and the number of job opportunities waiting when they become unemployed have been relatively high; most of their unemployment has been of a frictional and seasonal nature. The largest part of the Nation's total unemployment has been among youth and among women who have a marginal attachment to the labor force. Insured unemployment during the past 4 years has represented on the average about 39 percent of total unemployment; in the 7 previous years, the proportions have ranged from 55 percent to 42 percent.

Month-to-Month Levels Vary Widely

As expected, even though economic activity was strong throughout the fiscal year, there was a wide variance in insured unemployment levels on a month-to-month basis. As the fiscal year began in July 1967, insured joblessness showed a sharp over-the-month rise, moving up, by 16 percent, to an average of 1,184,200, chiefly because of earlier than usual model change layoffs in the automobile industry combined with vacation shutdowns in many manufacturing operations. With the completion of the vacation period and the resumption of auto production, the weekly average moved steadily lower during the remainder of the summer months, reaching a figure of 889,100 per week in October. Winter brought an increase in insured joblessness as many outdoor activities were curtailed. Post-holiday cutbacks raised the average further, and in January insured unemployment rose to 1,623,900 per week—the highest point during the fiscal year.

During the second half of fiscal year 1968, insured unemployment moved generally lower, paced by the spring pickup in construction, manufacturing (especially autos and steel), and trade and services. During the third quarter, insured unemployment averaged 1,526,300 per week and during April–June the average was 999,700.

On a seasonally adjusted basis, joblessness dropped steadily in the first half of the fiscal year, moving down from 1.4 million per week in July to 1.1 million in December. In the second half, insured unemployment remained at about a 1.1 million weekly average level.

Year-to-Year Changes Among the States Were Generally Minor

Among the 15 States with lower volumes in the fiscal year, the largest reduction in insured unemployment occurred in New York, where the aver-

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Activity [1]	Number or amount April 1968	Percent change from— March 1968	Percent change from— April 1967	January-April cumulative (in thousands) 1968	January-April cumulative (in thousands) 1967
Initial claims [2]	821, 900	+7. 9	−18. 2	4, 013	4, 499
Weeks claimed [2]	5, 338, 000	−11. 5	−7. 4	25, 409	25, 982
Insured unemployment (weekly average)[2]	1, 142, 500	−17. 8	−16. 0	1, 429	1, 510
Beneficiaries (weekly average)	1, 060, 400	−18. 3	−14. 8	1, 261	1, 312
Benefits paid [3]	$195, 096, 900	−15. 6	−2. 7	$911, 365	$897, 330
Claimant exhaustions	87, 100	+6. 6	+8. 3	330	287

Activity [1]	Number or amount May 1968	Percent change from— April 1968	Percent change from— May 1967	January-May cumulative (in thousands) 1968	January-May cumulative (in thousands) 1967
Initial claims [2]	695, 600	−15. 4	−18. 0	4, 709	5, 347
Weeks claimed [2]	4, 483, 300	−16. 0	−17. 5	29, 892	31, 415
Insured unemployment (weekly average)[2]	964, 200	−15. 6	−15. 6	1, 332	1, 432
Beneficiaries (weekly average)	844, 200	−20. 4	−16. 7	1, 174	1, 249
Benefits paid [3]	$159, 100, 500	−18. 5	−13. 4	$1, 070, 132	$1, 079, 456
Claimant exhaustions	82, 300	−5. 5	−5. 9	413	375

Activity [1]	Number or amount June 1968	Percent change from— May 1968	Percent change from— June 1967	January-June cumulative (in thousands) 1968	January-June cumulative (in thousands) 1967
Initial claims [2]	641, 700	−7. 8	−20. 1	5, 350	6, 150
Weeks claimed [2]	3, 691, 700	−17. 7	−18. 9	33, 584	35, 966
Insured unemployment (weekly average)[2]	883, 400	−8. 4	−13. 3	1, 292	1, 383
Beneficiaries (weekly average)	794, 000	−6. 0	−14. 2	1, 115	1, 194
Benefits paid [3]	$129, 545, 900	−18. 6	−17. 0	$1, 197, 786	$1, 235, 154
Claimant exhaustions	69, 700	−15. 3	−14. 4	482	457

[1] Data relate to State programs only.

[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.

[3] Monthly data represent gross amount; cumulative data represent net amounts.

age dropped by some 18,800 to 145,500. In that State, most of the major industries showed reduced volumes, but the reductions were more noticeable in the apparel, textiles, and machinery industries. California showed a decline of 17,500 to an average of 184,600 (the highest volume among the States), with the downswing reflecting sharply improved conditions in the construction industry. Texas posted a decline of 2,500; in Ohio and Oregon the decline averaged 700.

The largest rise over the year occurred in Illinois where insured unemployment rose by 6,800 to a weekly average of 48,900. In that State joblessness was somewhat higher among machinery and metals workers and in trade and services. In Connecticut, the weekly average was up by some 5,400, mostly among those employed in trade, services, and apparel. Indiana showed a rise of 4,100 and Louisiana's average rose by 4,000. In Indiana, there was more unemployment in the trade and electrical machinery industries; in Louisiana, the rise reflected scattered higher joblessness within several industries. Pennsylvania's count rose by 3,900 with most of the rise occurring among metals, machinery, and transportation equipment workers.

Rates Among the States Vary Widely

With the volume of insured unemployment declining and the covered work force growing sharply during the 7½ years of economic expansion, it is to be expected that the rate of insured unemployment would move steadily lower. By fiscal year 1968, the rate had fallen to 2.4 percent, the same as in 1967; these were the lowest fiscal year rates in the post-war period. In fiscal 1961 (the beginning of the recovery period), the rate was 5.8 percent; in 1962, about 4.7 percent.

The fiscal year 1968 insured unemployment rates, as usual, varied widely among the States. The highest were in Alaska (8.5 percent), Puerto Rico (7.3 percent), Nevada (4.1 percent), California (3.9 percent), and Oregon (3.5 percent). The lowest rates (1 percent or under) were in Colorado, New Hampshire, Texas, and Virginia. Of the large industrial States, five had rates above the national average—California (3.9 percent), New Jersey (3.3 percent), Massachusetts (3.0 percent), New York (2.7 percent), and Michigan (2.5 percent); Illinois, Indiana, Ohio, Pennsylvania, and Texas were below the national average.

Initial Claims Volume Lower

The total of 11.0 million initial claims (excluding transitionals) filed by workers applying for benefits under the State programs represents the lowest number for any fiscal year since 1953. (This compares with a total of 11.5 million in 1967 and 11.1 million in 1966.) The weekly average, at 210,800, of initial claims filed under the State programs was down slightly from the previous year and marks the lowest average since 1953.

The largest totals of initial claims were filed in California—1.7 million, followed by New York—1.6 million, Pennsylvania—773,200, Michigan—603,700, and New Jersey—545,500.

Total Benefit Amount Up Slightly

Approximately $2.2 billion in unemployment compensation benefits were paid out to jobless workers under the regular unemployment insurance programs; this compared with a $2.1 billion total in the previous fiscal year. Of the aggregate figure, some $2.1 billion was disbursed under the State programs—up by $90 million from a year earlier. Under the railroad program $42 million was paid out, up by $8 million from 1967; fiscal year benefits under the Federal programs (UCX–UCFE) aggregated $106 million, compared with $78 million in 1967.

The average check for totally unemployed persons drawing unemployment insurance benefits was $42.10, up by $1.05 from 1967. The highest average benefits were $50.24, paid out in California, $49.30 in Hawaii, $48.71 in Michigan, and $48.57 in Wisconsin. The lowest average weekly benefit was $22.49 in Puerto Rico and $28.57 in North Carolina.

Exhaustions Rise

Despite the high level of economic activity during the fiscal year, some 893,700 unemployed persons exhausted their benefit rights under the State programs. The total represents an increase of 115,100 from the previous fiscal year, which was the post-war low. In fiscal year 1961—the beginning of recovery—over 2 million persons exhausted their benefit rights and in 1963 the total was 1.6 million.

Some insured jobless persons who had exhausted their State program benefit rights claimed benefits under extended duration provisions in Puerto Rico and Alaska. As the fiscal year drew to a close, the number in Puerto Rico was 956, and in Alaska, 280.

Insured Joblessness Up in UCX-UCFE Programs

Joblessness under the Federal programs moved higher. The weekly average under the UCFE program (covering Federal civilian workers) moved up to 22,200 from 1967's average of 19,200; under the UCX program (covering ex-servicemen) the volume rose from 19,700 to 28,900 as a greater number of Vietnam veterans returned to civilian life.

Week ended—	Initial claims		Insured unemployment [1]	
	1968	1967	1968	1967
April 6	184,100	251,200	[2] 1,201,700	1,409,500
April 13	167,700	289,500	1,174,100	1,386,300
April 20	165,300	218,100	1,123,100	1,341,700
April 27	[2] 216,400	216,900	1,112,000	1,302,400
May 4	180,900	221,600	1,040,100	1,241,900
May 11	164,100	188,400	1,006,000	1,169,100
May 18	156,400	177,900	965,900	1,129,400
May 25	148,500	170,800	923,400	1,062,200
June 1	139,800	175,600	916,000	1,084,600
June 8	149,400	188,400	921,000	1,038,500
June 15	154,100	176,700	883,200	1,022,800
June 22	152,000	178,000	872,000	1,008,300
June 29	173,700	206,300	857,600	979,600
Weekly averages				
April	183,100	243,900	1,142,500	1,360,000
May	155,900	187,800	964,200	1,142,100
June	157,300	186,300	883,400	1,018,900

[1] Refers to State programs.
[2] Revised figures.

Unemployment Insurance Decisions*

Dealer's Choice

Idaho.—The claimant, employed as display manager for a large department store, was notified by her department manager of an upcoming contest and was instructed that she might enter if she so desired. Upon deciding on an idea, the claimant requested help in moving some heavy material needed for the display. The department manager and two other employees performed the needed work and the claimant then finished the display. The claimant was not aware that she had won the contest until she observed a memo on the store manager's desk during his absence from the office. When she saw the store manager, she alleged that she had received a letter of congratulations and wanted to know what it was about. He temporarily delayed telling her that she had won the contest but finally informed her on a Saturday evening of this and also that she had received $44. The following Monday when the claimant asked why she was receiving only $44, the store manager informed her that it was his prerogative to split the prize money as he saw fit; and furthermore, he did not have to explain his actions to anyone. The claimant gave 2 weeks notice that she was quitting and the store manager told her that in view of her attitude it would be best if she terminated her employment immediately. The claimant did not deny that the store manager had the prerogative to distribute the prize money as he saw fit, but she contended that nearly all of the work on the display was performed by her. The store manager contended that from his observations the department manager was rightly entitled to half of the prize money.

The appeals examiner found that it was the prerogative of the store manager to award the prize money as he saw fit. If the decision had been outside his jurisdiction, then certainly the claimant would have had cause to obtain an adjustment. Perhaps the store manager's explanation could have eliminated the claimant's concern, said the examiner, because, as she testified, it was not the sharing of the prize money that she objected to but rather the manner in which it was accomplished. It was reasonable to assume that the claimant quit her employment because she did not receive the proper explanation. That, in itself, could not be considered good cause for quitting her employment since good cause is limited to circumstances which leave an individual no reasonable alternative but to quit. (Docket No. 212–68, Apr. 3, 1968.)

Arbitration Award

Michigan.—The claimant, after filing a claim for benefits, was held to have been discharged for reasons other than misconduct in connection with her work and received 25 weekly benefit payments of $43, a total of $1,075 for the period December 11, 1966 through June 3, 1967. Meanwhile she filed a grievance with respect to her discharge and received an arbitration award providing that she be reinstated to her job with full back pay from the date of her discharge less any earnings or benefits received during the period of discharge. At a meeting between the employer and the claimant's representative it was agreed that had she worked her gross earnings would have been $2,635.16. This amount included 2 weeks of vacation and 3 days of sick pay to which she would have been entitled

**Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.*

had she worked. From this amount the parties deducted $1,075 in unemployment benefits, arriving at a balance due of $1,521.66. The employer paid the claimant this amount in two installments of $760.83 each. The claimant advised the Commission of the settlement on June 21, 1967 and she was ordered by the Commission to restore the $1,075 received in unemployment benefits. Since it was conceded, said the referee, that the sum of $1,521.66 was in fact and law back wages or retroactive pay, as specified in the Michigan Employment Security Act, and was correctly applied to the weeks in which the claimant was paid unemployment benefits, she was required to repay the benefits. The referee commented that the claimant apparently believed that the arbitrator had intended to place her in the same position she would have been in had she worked during the period from her discharge to reinstatement in the amount of $2,635.16. This sum had now shrunk to $1,560.16 as a result of the arbitrator's decision that she received her gross back pay less any earnings or benefits during the discharge period. When the Commission required the repayment of the unemployment benefits she had received, her net gain by the award was only $485.16. While this result could hardly have been contemplated by the arbitrator, as well as the parties, this was the only position possible under the express language of the Michigan Act. (Appeal No. B67–4849, affirmed by Appeal Board Docket No. B67–4849–35946, Mar. 18, 1968.)

Purse Snatcher

Minnesota.—The claimant, a cab driver, became annoyed with a passenger in his taxicab. The passenger was a lady who kept snapping her purse open and shut, making a noise distracting to the claimant. Without asking the passenger to discontinue this activity, the claimant reached into the back seat, grabbed the purse away from the passenger, placed it on the front seat beside him, and returned the purse to his passenger on arrival at her destination. However, the passenger complained to the employer, and the claimant was discharged because of the incident.

The Appeal Tribunal held that the claimant was discharged for misconduct connected with his work. The employer had had in effect for a considerable period of time a rule which prohibits a cab driver from interfering with the person or property of a passenger. Regardless of the rule, said the Appeal Tribunal, common sense dictates that a cab driver should not act as the claimant did in this case. (Appeal No. 1595–B–67, Apr. 11, 1968.)

Grudging Consent

New Mexico.—The claimant's daughter wanted to give her mother, who was employed as a cashier-checker in a supermarket, a trip during the Christmas season as a present. In October and several times later the claimant discussed this with the store manager who thought it would be all right and agreed to speak to the claimant's supervisor about it. On November 17, and before purchasing an airline ticket for her mother the daughter contacted the store manager to confirm that it was all right to go ahead with the plan. Although the supervisor had not been contacted, the daughter was told to proceed. There were various subsequent discussions relative to the claimant's taking time off, and the claimant's supervisor had told the claimant over the telephone that it was all right with her if all right with the store manager. When the claimant found her name had been dropped from the payroll on December 16, she was told by the store manager that as she was to leave on her vacation she was not needed. He needed someone for 2 weeks. She offered to forego the trip, but the store manager said that inasmuch as she had already bought her ticket and made final arrangements she was to go ahead. After the claimant left, a part-time worker took her place. Other checkers were hired to take care of rush business. When the claimant returned on January 3, and attempted to go to work she was told that she was not needed at the moment but that she would be called when she was needed. Not being called within a week, the claimant filed a claim for benefits. She was not recalled prior to accepting other employment. The appeals referee, in granting benefits, said: ". . . Here, the evidence shows that the claimant's daughter probably chose the most inopportune time of the year to give her mother a trip as a present. It appears from the evidence that the employer was fully aware of the claimant's intentions to take time off. The manager, even though reluctantly, had actually given his consent. All that would have been required to prevent the claimant's taking time off would have been a definite statement from management to the effect that, due to the anticipated volume of business, her services could not be spared. . . ." She was held to have been separated from her employment for reasons other than misconduct connected with the work. (Appeal No. 154–68–U, Apr. 18, 1968.)

Selected Unemployment Insurance Statistics, State Programs, May 1968

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending May 1968 (in thousands)		Funds available May 1968 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total	8/ 695595	8/ 4483313	8/ 964220	844213	$42.42	82334	$159100544	$2083015	$3010573	$11096250
Alabama	7823	63777	15257	13169	32.80	1468	1952272	22643	29193	117107
Alaska	1527	18168	3699	3753	44.22	303	825677	9/ 8320	12034	10/ 20324
Arizona	5230	33901	7141	5910	37.38	619	1003521	18361	20766	84613
Arkansas	5163	42865	9129	7942	31.85	1073	1132845	13650	15450	43844
California	132965	823796	177045	160051	50.37	13771	36073245	427220	586629	1026254
Colorado	2954	14349	3010	2512	46.53	322	521174	7815	9869	72511
Connecticut	11995	94005	18799	18571	48.23	1240	3996710	46532	64469	280119
Delaware	1078	8134	1739	1803	42.28	293	339832	6652	5993	24238
Dist. of Col.	1527	16836	3578	3429	46.46	234	729288	7976	10293	72691
Florida	13329	74009	16359	10573	32.66	1535	1551256	22059	35048	230441
Georgia	7150	49374	11345	9418	35.24	1436	1442701	19549	45593	264107
Hawaii	1450	14797	3218	2936	48.79	194	630042	9029	12510	30896
Idaho	2597	14084	3155	2611	42.75	524	480932	7405	9839	38657
Illinois	29458	210050	45319	39298	42.97	4027	7588321	95516	59427	531099
Indiana	11165	73824	16890	15641	36.93	2190	2612000	34964	61043	265769
Iowa	3698	24121	5586	5092	42.36	687	940102	13836	16378	127015
Kansas	3541	20194	4273	3880	42.73	466	746261	10656	19412	87844
Kentucky	8417	57721	12151	9461	37.38	1131	1586648	21699	31038	151414
Louisiana	9727	71645	16230	15851	36.89	2002	2632821	31115	35971	161258
Maine	4210	29922	6211	5747	36.59	419	901349	8586	10745	42295
Maryland	9653	56149	13108	12407	40.48	793	2194506	27297	36005	223035
Massachusetts	31737	196696	41888	34605	44.62	2925	6694848	94023	132065	345301
Michigan	31126	187504	45274	34209	46.89	3991	7260492	118907	149948	10/ 571562
Minnesota	5313	60996	11748	11289	41.09	1837	2074013	26313	45862	75490
Mississippi	3758	30288	6546	5717	26.52	713	682551	8647	12157	79594
Missouri	20129	94731	19518	15062	40.42	1506	2586280	36187	38777	268228
Montana	1444	15034	3036	3265	31.74	441	481627	5339	6728	21633
Nebraska	1261	11458	2449	2656	37.18	502	445967	6212	9553	49524
Nevada	3462	20716	4567	4028	43.33	470	784635	10057	12151	30020
New Hampshire	1672	7016	1433	878	37.37	1	139920	2537	7690	43660
New Jersey	38091	268289	56853	53771	50.09	5094	11966716	127866	168218	434260
New Mexico	2561	19980	4367	4646	33.35	355	695794	7519	7745	38129
New York	105511	582863	119614	109763	43.98	6474	21099420	292285	404249	1621940
North Carolina	12246	87681	20099	18138	27.47	1379	2181779	27798	61250	323817
North Dakota	499	7714	1393	1320	40.45	183	244784	3970	5090	7333
Ohio	19882	108643	23642	18870	40.72	1388	3465996	66998	130202	614215
Oklahoma	4694	43448	9371	7570	30.67	891	1046786	12409	12520	57925
Oregon	9892	69006	14646	12955	36.78	1075	2150680	28242	35847	121691
Pennsylvania	46669	253733	54478	46484	40.80	2381	8134867	114049	258238	10/ 770024
Puerto Rico	9/ 10685	9/ 90595	8/ 21435	12118	23.58	3408	1358392	9/ 21429	25006	75797
Rhode Island	6650	31780	6658	6100	41.84	547	1119861	15066	22475	75651
South Carolina	9493	41595	8780	7453	33.01	1113	1106228	16239	27840	130963
South Dakota	364	4137	959	902	32.97	144	127605	2823	2883	17501
Tennessee	9365	90498	18740	15915	32.51	2128	2320445	31619	44238	167250
Texas	12102	76175	17140	14183	35.32	1816	2220849	27127	52606	331928
Utah	2286	23381	4930	4364	39.51	667	769131	10814	12379	41756
Vermont	1143	9306	1905	1904	40.26	167	335448	4721	8382	20607
Virginia	4270	27764	5585	4436	31.82	774	633796	9290	23080	187498
Washington	14012	89275	18643	18169	34.02	2967	2801379	39667	75206	306882
West Virginia	4962	43908	9332	7780	29.10	553	1021368	14303	21236	83482
Wisconsin	8262	71063	15204	14837	47.50	1636	3137900	43908	66556	273086
Wyoming	352	3299	742	767	40.07	81	131464	1836	3690	14575

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $164,201 in payments under extended duration provisions of State laws in two States: Alaska $68,866 and Puerto Rico $95,335.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

Selected Unemployment Insurance Statistics, Federal Programs,[1] May 1968

State	UCFE					UCX				
	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/
Total	10,011	89,551	19,121	$3,855,168	$43.56	17,085	112,340	22,899	$4,660,319	$44.24
Alabama	193	2,519	525	86,326	35.78	311	2,207	495	87,384	38.39
Alaska	158	0	533	134,804	45.32	46	440	116	25,331	44.29
Arizona	174	1,221	260	47,442	39.63	258	1,581	326	61,012	40.65
Arkansas	64	1,149	139	21,670	33.97	159	1,115	212	37,466	38.35
California	1,638	18,189	3,587	847,409	51.35	2,605	25,572	5,022	1,139,449	49.14
Colorado	100	717	181	39,811	47.91	170	825	182	40,537	48.55
Connecticut	57	501	93	21,411	50.03	196	1,047	207	43,588	45.83
Delaware	16	139	15	2,992	42.74	37	185	40	8,306	45.14
Dist. of Col.	216	3,368	890	210,659	51.44	96	562	115	25,096	47.35
Florida	163	1,103	140	22,168	34.48	298	1,772	325	56,595	37.86
Georgia	215	1,899	417	80,371	41.86	259	1,729	393	77,853	43.11
Hawaii	123	1,139	300	73,574	53.31	100	793	185	46,620	54.78
Idaho	31	264	58	11,199	42.26	71	381	90	18,907	45.56
Illinois	313	3,181	741	135,576	39.79	557	2,403	481	89,434	40.45
Indiana	63	648	132	20,773	34.28	238	1,352	277	49,950	39.18
Iowa	22	192	35	7,135	43.77	129	640	154	34,244	48.23
Kansas	73	474	108	20,986	42.31	71	490	119	25,057	45.81
Kentucky	190	2,086	424	78,633	40.32	396	3,270	626	124,150	43.09
Louisiana	135	1,376	243	42,268	37.84	258	2,201	451	86,513	41.75
Maine	30	294	80	12,716	34.65	51	407	105	20,467	42.20
Maryland	161	953	214	41,552	42.18	300	1,182	275	54,622	43.18
Massachusetts	915	4,493	855	196,947	50.09	289	2,338	560	123,225	47.80
Michigan	206	1,850	396	81,055	44.46	692	3,591	760	152,098	43.52
Minnesota	46	642	161	31,441	42.49	183	1,969	500	97,962	42.61
Mississippi	96	1,050	258	32,499	27.36	91	492	114	15,442	29.53
Missouri	303	1,606	313	56,563	39.28	414	2,195	461	94,007	44.34
Montana	31	672	143	21,470	32.58	41	505	115	17,650	33.49
Nebraska	30	227	67	11,286	36.88	35	256	60	11,506	41.99
Nevada	52	478	82	15,975	42.26	94	359	61	12,537	44.62
New Hampshire	15	56	10	1,908	42.40	23	87	17	4,068	50.85
New Jersey	297	2,093	322	78,329	52.85	708	5,767	1,098	277,310	54.88
New Mexico	69	830	231	38,006	35.79	159	1,216	324	56,870	38.12
New York	729	5,580	1,031	195,592	41.26	1,352	7,129	1,214	240,381	43.03
North Carolina	107	1,186	277	41,204	32.37	250	1,317	306	56,319	39.97
North Dakota	17	269	52	9,081	37.68	48	643	123	23,578	41.66
Ohio	152	1,128	216	40,911	41.20	601	2,575	426	86,925	44.39
Oklahoma	112	2,282	479	75,203	34.12	116	1,311	248	40,224	35.22
Oregon	105	1,108	250	43,805	38.03	256	1,591	341	69,738	44.48
Pennsylvania	968	6,461	1,213	254,807	45.68	1,237	7,637	1,522	321,445	45.91
Puerto Rico	34	349	115	15,149	28.69	369	3,242	632	88,298	30.37
Rhode Island	71	786	167	37,238	48.61	84	531	111	23,916	46.99
South Carolina	102	697	133	22,859	37.29	205	1,126	214	41,060	41.73
South Dakota	18	277	80	12,653	34.48	27	260	69	11,868	37.20
Tennessee	235	3,224	806	147,830	39.86	380	3,797	818	145,443	39.67
Texas	329	2,625	602	109,231	39.43	544	2,944	710	138,077	42.28
Utah	238	2,572	583	122,751	45.80	115	979	198	39,914	43.91
Vermont	15	130	26	4,980	41.85	10	131	30	6,120	44.67
Virginia	119	855	146	25,234	37.49	125	761	121	21,160	37.92
Virgin Islands	1	1	0	0	0	6	34	6	1,217	45.07
Washington	316	3,474	753	127,567	36.82	453	2,442	509	92,818	39.63
West Virginia	45	318	52	5,676	23.65	351	2,762	543	95,303	38.14
Wisconsin	96	697	157	32,658	45.30	209	2,103	464	96,063	45.04
Wyoming	7	123	32	5,783	39.88	12	96	28	5,196	39.97

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act (now 5 U.S.C. 8501 et seq.), became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan.

4/ Includes data for total, part-time, and partial unemployment. Separate data for total unemployment are not available.

Selected Unemployment Insurance Statistics, State Programs, June 1968

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending June 1968 (in thousands) Benefits paid 6/	12 months ending June 1968 (in thousands) Collections and interest	Funds available June 1968 7/ (in thousands)
Total	8/641654	9/3691712	888442	794965	$42.25	69742	$1295458.72	$2054971	$3021312	$11093297
Alabama	9428	65286	14845	12205	33.06	1159	1589557	22653	29234	116772
Alaska	1235	12240	2856	2842	43.73	247	557668	9375	12081	10/ 80024
Arizona	4538	25706	6256	5171	37.34	448	768679	12224	20866	84819
Arkansas	5202	31316	7389	6284	31.56	716	773307	12471	15477	44568
California	109289	6541137	1602847	1444682	49.87	14372	28035574	418286	587384	1009932
Colorado	2387	11497	2368	1845	46.00	174	329093	7535	9960	73016
Connecticut	13746	70260	17764	17348	47.20	1125	3164972	47016	64840	280002
Delaware	1386	6115	1504	1503	43.19	181	251569	6580	5990	24242
Dist. of Col.	2119	13817	3597	3384	46.49	244	624818	7988	10332	72860
Florida	14056	71347	18158	13213	32.01	1732	1651235	21937	35106	231407
Georgia	6559	43716	10801	9120	34.85	1313	1201616	18957	45932	265646
Hawaii	1587	12389	3087	2716	49.10	162	512328	8713	12547	30779
Idaho	2822	13908	3570	2670	39.21	342	398927	7347	9857	38683
Illinois	25258	1653328	397111	358835	42.75	3217	5967361	94131	59558	529883
Indiana	13016	70026	15121	14550	36.80	2104	2116399	34364	60931	266688
Iowa	3646	21517	5385	4628	42.04	474	741676	13798	16456	127643
Kansas	2501	16221	3910	3657	42.57	308	611603	10551	19553	87606
Kentucky	5570	42159	10468	9226	37.03	1013	1334298	21426	31152	151690
Louisiana	10329	66287	14469	13591	37.42	1203	1990773	30742	36103	161048
Maine	4119	20543	4699	4418	36.73	376	586411	8582	10781	42200
Maryland	8483	54810	10975	10963	40.98	560	1709129	27214	36545	224268
Massachusetts	25503	1513315	378228	322663	44.13	2536	5346199	93072	134001	345890
Michigan	33965	2072284	473303	390411	47.92	3604	7371245	118529	150167	10/ 570961
Minnesota	4427	39958	6594	8082	39.55	1034	1247013	26361	46075	75072
Mississippi	3285	22614	5403	4328	26.60	361	449966	8432	12817	80000
Missouri	17866	74033	17637	13656	40.75	1166	2082248	35906	38853	268892
Montana	1528	10926	2262	2128	31.55	310	273314	5295	6731	21598
Nebraska	1740	10554	2278	2210	36.84	309	319533	6146	9598	49726
Nevada	3403	18887	3903	3547	43.39	369	604171	9839	12182	29751
New Hampshire	1049	4133	971	635	39.95	1	90275	2423	7743	44030
New Jersey	34299	2061197	500130	496711	50.35	3888	9649738	128934	162819	430721
New Mexico	2836	16705	3576	3251	33.19	273	422458	7529	7746	38122
New York	99372	4646866	1176558	1182339	43.61	5272	19444189	285754	405398	1620440
North Carolina	12646	843397	178889	165226	27.53	1332	1739719	26799	61687	325521
North Dakota	586	4477	943	774	39.17	124	116931	3953	5120	7323
Ohio	18941	927411	228188	188666	41.32	1336	3050353	63931	130729	617767
Oklahoma	4563	360955	88077	76611	30.74	741	920866	12353	12497	57658
Oregon	7898	491911	113988	106299	36.97	934	1540400	27946	35990	121498
Pennsylvania	40493	2124528	516221	470966	40.93	2395	7107375	112296	257811	771297
Puerto Rico	8/ 12545	8/ 917728	205544	135722	23.34	3117	1353808	9/ 21766	14971	27406
Rhode Island	7838	288145	74889	55734	42.65	456	937394	14971	22490	75526
South Carolina	4985	334528	80866	68988	33.00	948	894064	15601	27993	131429
South Dakota	360	3325	823	623	31.93	73	74268	2915	2891	17614
Tennessee	6906	630711	151408	126547	32.36	1505	1599397	30753	48439	167465
Texas	12922	728107	163278	133133	35.56	1453	1824554	26938	52496	332607
Utah	2256	169477	40847	33397	38.86	356	507650	10661	12401	41676
Vermont	1155	75555	15698	14528	39.89	131	217570	4635	8426	20607
Virginia	3697	226297	49337	39597	32.04	537	494101	9027	23286	189002
Washington	12200	656027	156847	147217	34.16	2249	1982525	39524	75593	308118
West Virginia	4661	345667	82288	74356	29.29	471	847141	14330	21333	83547
Wisconsin	10016	540867	131277	116377	45.65	926	2054443	43684	66886	273958
Wyoming	378	21507	5188	4366	39.43	45	63971	1783	3687	14660

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $198,789 in payments under extended duration provisions of State laws in two States: Alaska $66,364 and Puerto Rico $132,425.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

Selected Unemployment Insurance Statistics, Federal Programs,[1] June 1968

State	UCFE					UCX				
	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/
Total	8,814	80,445	20,260	$3,592,052	$44.06	20,107	102,600	24,744	$4,503,884	$45.49
Alabama	464	2,658	469	67,203	35.80	421	2,378	469	72,233	38.52
Alaska	122	1,770	512	113,146	44.65	48	339	104	20,204	44.77
Arizona	381	1,252	219	34,875	39.90	264	1,240	268	43,908	40.96
Arkansas	75	910	119	16,676	35.18	206	1,035	201	30,945	38.58
California	1,208	14,725	4,611	940,408	50.99	3,828	22,481	6,856	1,375,978	50.17
Colorado	132	739	134	25,967	48.36	206	821	149	29,156	49.00
Connecticut	71	467	95	19,450	51.32	221	1,026	237	43,356	45.73
Delaware	6	119	12	2,265	49.24	46	159	36	6,763	46.64
Dist. of Col.	205	3,005	906	189,351	52.25	130	542	131	25,726	49.19
Florida	172	1,092	161	21,802	33.80	353	1,515	322	49,335	38.30
Georgia	249	1,605	397	66,713	42.01	285	1,531	404	70,463	43.58
Hawaii	114	992	290	64,641	55.82	132	735	168	38,235	57.07
Idaho	32	198	49	8,254	42.33	84	370	88	16,187	46.25
Illinois	306	2,968	677	106,718	39.44	674	2,348	492	80,643	41.00
Indiana	79	501	107	14,592	34.01	375	1,471	287	44,425	38.73
Iowa	19	189	29	4,824	41.23	159	674	161	31,515	49.01
Kansas	43	402	94	17,184	45.95	108	452	118	22,213	47.06
Kentucky	184	1,779	483	75,652	39.16	420	2,699	712	124,462	43.70
Louisiana	102	1,300	218	32,981	37.78	413	2,217	426	71,578	42.06
Maine	47	209	75	11,173	37.37	72	262	74	12,542	42.66
Maryland	121	1,005	176	29,402	41.88	310	1,269	258	46,099	44.67
Massachusetts	338	4,813	1,474	273,917	46.45	360	2,197	549	106,859	48.68
Michigan	198	1,716	433	78,424	45.25	832	3,825	869	153,842	44.25
Minnesota	46	386	119	20,804	43.89	221	1,467	375	66,140	44.06
Mississippi	107	972	249	26,709	26.82	105	486	106	12,564	29.70
Missouri	224	1,539	391	60,543	38.69	485	1,969	480	88,343	45.99
Montana	38	373	73	9,403	32.09	70	404	92	12,383	33.56
Nebraska	31	291	67	10,020	37.67	60	247	54	9,048	41.70
Nevada	57	445	88	14,874	42.25	122	363	88	15,789	44.98
New Hampshire	8	42	9	1,572	46.24	43	72	17	3,429	51.95
New Jersey	262	1,817	359	76,998	53.58	725	5,579	1,261	284,370	56.39
New Mexico	142	786	172	24,036	34.89	181	1,193	254	38,832	38.22
New York	497	4,581	1,072	175,494	40.92	1,399	6,420	1,472	259,712	44.11
North Carolina	355	1,501	325	43,045	33.14	315	1,349	270	43,275	40.11
North Dakota	38	177	34	4,880	36.42	85	428	78	13,539	43.26
Ohio	139	990	230	37,931	41.23	910	2,563	479	86,621	45.21
Oklahoma	149	1,914	457	62,660	34.26	168	1,363	295	42,247	35.86
Oregon	97	777	194	28,707	36.95	287	1,295	313	55,832	44.56
Pennsylvania	445	5,649	1,344	246,516	45.85	1,379	6,606	1,500	284,270	47.37
Puerto Rico	64	378	117	13,056	27.96	285	1,126	704	85,134	30.24
Rhode Island	37	699	175	35,199	50.21	121	449	103	19,598	47.45
South Carolina	93	628	134	19,977	37.27	220	976	207	34,889	42.14
South Dakota	23	266	59	8,305	35.34	39	225	49	7,368	37.40
Tennessee	218	2,463	687	111,662	40.66	470	3,327	781	123,089	39.40
Texas	289	2,692	609	95,986	39.42	748	3,194	714	121,732	42.61
Utah	193	2,257	539	93,778	43.48	157	778	158	28,338	44.77
Vermont	14	127	23	4,067	43.73	15	104	21	3,801	45.80
Virginia	169	839	142	21,610	38.11	184	650	101	15,478	38.50
Virgin Islands	1	4	1	93	31.00	3	35	8	1,424	43.15
Washington	280	2,530	658	99,123	37.68	598	2,079	470	74,417	39.56
West Virginia	36	291	58	5,267	22.80	384	2,356	506	78,725	38.90
Wisconsin	87	563	131	22,747	43.49	348	1,834	396	73,888	46.71
Wyoming	7	54	9	1,372	40.35	33	77	17	2,942	42.64

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, (now 5 U.S.C. 8501 et seq.) became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

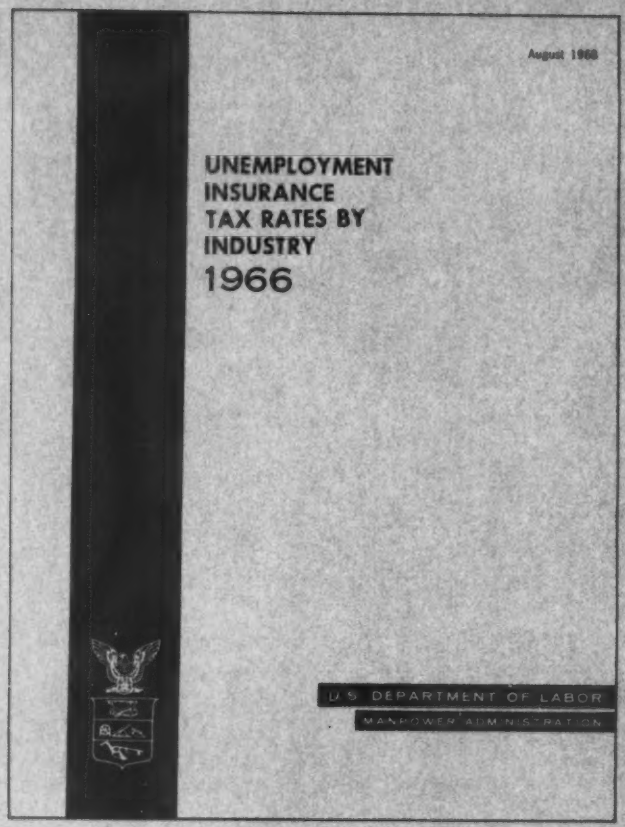
2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of this report are available without charge. All requests should be directed to the attention of the Inquiry Section at the Office of Information, Manpower Administration, U.S. Department of Labor, Washington, D.C. 20210.

U.S. GOVERNMENT PRINTING OFFICE: 1968 O—317-478



▶ *Unemployment Insurance Tax Rates by Industry 1966,* contains useful indicators of variations in the cost of unemployment insurance to the major types of industry.

▶ Detailed data, shown separately for each of the 50 States, the District of Columbia, and Puerto Rico include—

The taxable wage base, minimum and maximum statutory limits of employer tax rates, and the range of tax-rate schedules in effect during 1966;

Average employer contribution rates (as percent of taxable and total wages) by major industry division;

Covered employment and wages, taxable wages (dollar amount and as percent of total wages), and average tax rate as a percent of taxable and of total wages, for all major industry divisions and the prinicpal two-digit industry classifications.

▶ Single copies of *Unemployment Insurance Tax Rates by Industry 1966* (August 1968) may be obtained without cost, as long as supplies permit, by writing to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C. 20210.

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UNITED STATES
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON, D.C. 20402

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE $300
(GPO)

The *Unemployment Insurance Review* is published by the Unemployment Insurance Service of the Bureau of Employment Security with the cooperation of the State employment security agencies and is distributed without charge to personnel of the national and State employment security offices. It is also available on subscription at $3 a year (single copies 30 cents) from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. In countries other than the United States, Canada, and Mexico, annual subscription is $4.

Subscribers should remit directly to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402.

Communications regarding editorial matters should be addressed to *Unemployment Insurance Review*, Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

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Use of funds for printing this publication approved by the Director of the Bureau of the Budget, January 10, 1964.